

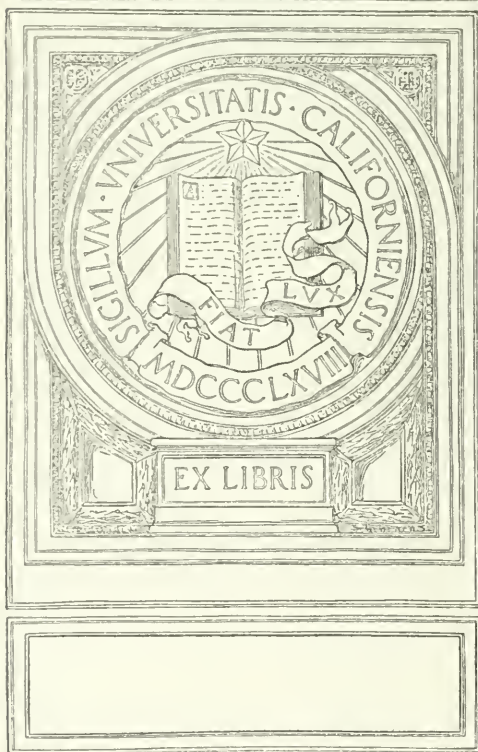
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AUSTRALIA

AND THE

FISCAL PROBLEM

Contents :

THE FISCAL PROBLEM

MY FIGHT FOR REFORM

(To the Electors of Australia and Tasmania)

By the Right Hon. G. H. REID, P.C., K.C., M.P.

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By the Hon. Sir WM. McMILLAN

The Commonwealth Free Trade

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By MR. MAX WARDEN

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Protection

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G. H. REID



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RIGHT HON. G. H. REID, P.C., K.C., M.P.

Industry and Commerce

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The Fiscal Position :

MY FIGHT FOR REFORM.

BY THE RIGHT HONORABLE G. H. REID, P.C., K.C., M.P.

To THE ELECTORS OF AUSTRALIA AND TASMANIA.

LADIES AND GENTLEMEN,

The Australian Commonwealth commenced under the brightest auspices. The agitation for union was a peaceful one, unstained by violence. The eager erection of provincial barriers was succeeded by a universal cry for their destruction. Unfettered trade between the Australian Colonists, right through and all round the Continent, became as precious in the sight of the Protectionist as it had always appeared to the advocate of commercial liberty. Not selfishness, nor fear, so much as a desire for closer ties of affection, inspired the movement. When the hour of victory came, there was an outburst of general rejoicing at the dawn of a new era of enlightenment and prosperity in the Southern Hemisphere.

Two and a-half years of real life have destroyed some ideals and chilled the ardour of many patriotic minds. The first Federal Ministry had a grand opportunity, which it has completely missed. With unbounded scope for the display of those good qualities which were so much in evidence in their platform deliverances, the contrast between displays of rhetoric and sentimentalism on the "stump" and exploits in the sphere of statesmanship was never more painfully elaborated. No one, even now, questions the marked ability of Mr. Deakin, the rugged power of Mr. Kingston, the good intentions of Sir George Turner, the astuteness of Mr. R. E. O'Connor, the Federal if not provincial

prestige of the Prime Minister, or the log-rolling genius of Sir William Lyne—but where can we see, in anything they have done, great expectations translated into solid performances? No doubt, in the three-sessions-in-one which are open for review, measures have been passed, in number considerable, and some of great importance. But not one of the measures of the Government—excepting, perhaps, that “infernally machine” invented by Mr. Kingston—had the rudimentary merit of thorough preparation. Machinery bills, and some proposals of national importance with which, in substance, all parties are in accord, have been the most in evidence. The one great Ministerial work which was tested by the fierce strain of party criticism—I mean the tariff—was an enduring monument of miscalculation in its revenue aspect, and of blundering and breach of faith in its Protectionist features. As to the tariff as a revenue measure, it is enough to state that it was designed to yield £9,000,000 a year, yet after reductions alleged by Ministers to the extent of £1,000,000, at least, it is yielding hundreds of thousands more than £9,000,000!

Instead of a loyal adherence to sound principles of finance, tempered by a benevolent concern for precarious industries, the terms of the Manifesto of the Prime Minister to the Electors of Australia in January, 1900, were grossly varied, to the prejudice of the national revenue, and in the interest of a few specially favoured robust local concerns, chiefly in the suburbs of Melbourne.

That the tariff was cut down, right and left, until many of its extravagances were corrected, is a result upon which the Opposition, and not the Ministry, is to be congratulated. It must not be forgotten that the Free Trade members of the Labour Party, and occasionally even some of the Protectionist members of the party, gave valuable help. One of the gravest misdeeds of Ministers, for which they will be called to strict account at the proper time, is their tariff, as it was pressed by them upon Parliament.

In the sphere of administration the Ministry has been equally disappointing. There has been a plentiful lack of patience and courtesy in their dealings with State Governments; there have been blunders in dealing with some of the new Acts, which have called down upon us the contempt and indignation of people throughout the Empire; and instead of an exhibition of enlightened purpose and coherent and sagacious action, the people of Australia, both by Ministerial

subserviency in the House and Ministerial truculence outside the House, have, I believe, been reduced to a condition of dissatisfaction and disgust, the full force of which may soon be made clear.

This General Election will be the first appeal to the people under proper conditions of Parliamentary Government. The former election was in the hands of a Government called to his councils by the personal act of the Governor-General, and there was no Parliamentary Opposition. That party could only come into existence after the election. Even under these discouraging conditions the voting in the States, except Victoria, showed a majority against the Government. Now that the "halo" has lost all its false glitter, and the difference between grand promises and miserable performances is so fresh in the public mind, I can await the result in a spirit of confidence.

I hope there will, during this appeal, be a clearer line of definition on the part of Ministers as to the tariff. In 1901 they tried in shaping their Manifesto to win support by means of promises addressed to Australian Protectionists on the one hand, and by means of promises addressed to the Free Traders of Australia on the other. Various Ministers "rang the changes" on the Manifesto in different parts of the Commonwealth. In one place, such as Victoria, the Protectionist speeches of Mr. Deakin and Sir George Turner were strong, and made the Manifesto seem all that the Victorian Protectionists could desire. In another place, such as New South Wales, Ministers were emphatic about a sound, businesslike, revenue-producing tariff that "would not raise one penny more than was required." Mr. R. E. O'Connor spoke of the fiscal issue as "a wretched squabble" that should not keep "good men" apart. Sir William Lyne declared that the tariff of the Commonwealth must be a "revenue tariff, not more than 10 or 15 per cent."

The Electors will be asked to compare these utterances and pledges last time, with what Ministers tried so hard to pass into law behind the backs of the people. The Prime Minister will be asked to reconcile his horror of "bare feet pattering on the pavement" with his attempt to hide in the shape of a "composite duty," taxes ranging up to 70 or 80 per cent. *ad valorem* upon the cheapest kinds of boots and shoes. Ministers will be asked to explain why they put, under the same sort of disguise, duties on the

cheapest kinds of hats and caps ranging up to 150 *per cent. ad valorem*. These are typical of the thoroughly unsound nature of the Ministerial tariff, viewed as a means for producing revenue. After a bitter struggle the Opposition got these duties reduced to 30 per cent. Clothing still stands at 25 per cent. Duties such as these are clearly intended to destroy revenue, and not to collect it, handing the whole benefit over to local manufacturers.

If the tariff is to be used for any other purpose than that of raising revenue for the public necessities, the concessions made should be more in favour of the industries of the country than those of the town. The pioneer, the selector, the farmer, and the miner, these are toiling upon the God-given gifts, injuring no one, a source of benefit to all other classes, and the mainstay of the Commonwealth. To entice people away from the country into the towns is a bad policy in every young country, and never worse than in a country like Australia, where one third of the people are massed in two or three large cities !

On the subject of the tariff the Ministers have also deeply disgusted many of their own friends by their weakness and vacillation, and the numerous surrenders they made in the course of the struggle. No Protectionist will own the tariff of the Ministers in the shape to which it has been reduced by both Houses.

The Ministry have stated their policy with reference to the tariff to be one not of improvement, but of inaction. They appeal to Australians to allow the tariff issue to rest for the next Parliament. Of course their reason is that they fear any changes that would be made would be still more in favour of the masses against the monopolists. Having got their teeth into the body politic, they want to get the people accustomed to the bite before they make their teeth meet in the flesh of their victims. Those who are alive to the imperfections of the tariff are of opinion that it is much better to deal with them once and for all as soon as possible, so that the commercial and industrial enterprise of Australia may know how things are really going to be.

So far as I am concerned, I believe that it will be best to deal with the matter at this Election. I do not suggest tearing the whole tariff up by the roots, and taking up another year of public time over a fiscal wrangle.

What seems to me to be a wise course is that of reducing the absurdly high duties, especially those upon the common necessities of life, to a level at which they will be in keeping with the principles of a sound revenue tariff. I should also like to see special reductions in favour of articles necessary to the development of the great primary industries. If the Electors had approved of the tariff I would have accepted their decision. But, as I have said, the people have had no chance of deciding this vital matter for themselves; and, in my opinion, the sooner it is so decided the better, in the interest of the several States which especially need a sound basis of raising revenue through the Custom House, in the interest of the great bulk of the producing industries, to secure a fair distribution of the public burdens, and above all to put the foundation of our system of national finance upon an indestructible basis, free from the taint of partiality and the possibilities of corruption.

The Federal Ministers have agreed to recommend to you some kind of preferential treatment of British goods. Will they candidly explain to you what they really mean to do? At the Imperial Conference all the other self-governing States were represented by men who made definite suggestions as to the way in which they would give effect to a preference. Alone amongst them all sat the Prime Minister of Australia, afraid, or unprepared, to do the same. Against Australia the entry in the official proceedings is, "Nature and extent of preference not yet defined." Surely Ministers will be prepared to say something clearer than that when appealing for your support? What a hollow mockery it will be to propose to leave at its full height the tariff wall which Federal Ministers have carefully built to exclude British goods, and then add to the height in the case of foreign goods, as a step towards the "solidarity of the Empire!" To be more than a sham the preference must reduce the high protective duties in the tariff for the benefit of the Mother Country. Have Federal Ministers the courage to do that? Will they have the courage even to say whether they will do that, or will not do it? Nothing that is done short of lowering the tariff will be a substantial approach to a real and effective concession to the Mother Country. Genuine revenue duties to meet public expenditure neither Mr. Chamberlain nor any one else can, or does, object to. It is the deliberate attempt to shut out our fellow-

countrymen at home from trading with us, except as purchasers, which is the real and the legitimate grievance of the British people. Will the Federal Government modify this Protectionist policy in order to give substance to their professions of love for the British race, and anxiety for Imperial union as opposed to provincial isolation?

I would much prefer to make the Australian tariff a tariff for the purpose of bringing in revenue. I cannot follow the reasoning of those who profess to regard as a sound revenue tariff a tariff which aims at shutting out the objects from which that revenue is to be derived. Let public men on both sides treat the Mother Country at least with frankness. If Ministers desire to gain respect for their loyal professions they must choose between their protective policy and their Imperial policy. To preserve both in their integrity is clearly impossible.

The new departure of Mr. Chamberlain is really not so new as it seems, except in one respect, and that is, the revelation now of a readiness on his part to buy Colonial concessions at the cost of British independence. Is the object in view equal to the sacrifice? If the energy of Great Britain is entering upon a declining or hysterical phase, will such contrivances restore its strength, or the serenity of its nervous system? Will the prospect of being allowed to carry on a battle, which must still be on unequal terms, in the markets of Canada or Australia, or New Zealand, brighten the outlook for England, after the mainstay of all her greatness—commercial freedom—has gone? Mr. Chamberlain, in earnest and moving language, has called upon the Imperial offspring to come to the rescue of the United Kingdom, “staggering,” as he describes her, under the weight of Empire. Whose policy has added millions of square miles to the immense possessions and protectorates of the British Empire during the past few years? It may have been unavoidable, but what is the full justification for that astounding increase of £40,000,000 a year in the annual expenditure of the British taxpayer between 1896 and 1903? Will that long-suffering individual be the better able to bear his fresh burdens when he seeks to extract nourishment from a policy of reaction and revenge? The temptation to retaliate is one of the strongest weaknesses of human nature. It is sometimes also a profitable adventure. But that is, at best, a clumsy method

of revenge, which recoils upon the avenger. If the marvels of financial ascendancy and commercial greatness, which were never so conspicuous upon the oceans of the world beneath the British flag than now, are compatible only with a policy lifted out of the lower atmospheres of national "bluff" and retaliation, will a descent from the high altitude of British policy to the lower levels of American and German artifice restore the shattered fortunes, if shattered they really be, of British enterprise? Is it not at least possible that the Christian policy of long suffering and meekness is more profoundly wise in this Empire upon which "the sun never sets," than the more primitive and more alluring fashion of "blow for blow." If Mr. Chamberlain still believes in Free Trade principles, can he forget that, in spite of barricades all the world over, the policy of Free Trade has been the making of British commerce? Will the erection of similar barricades at home make England better able to retain her position abroad? Has not the freedom of British ports placed British trade upon a stronger footing than any other policy could do? Is the wonderful change in the conditions of labour, in the comforts of home, in the spread of industry on terms which admit of the upward progress of the masses of the people, to be maintained and advanced by a miserable retreat to the plausible but deceptive and disastrous fallacies which had their full fling in England down to the revolt of Sir Robert Peel, whose loyalty to his class and his party could not shut out the spectacle of universal wretchedness and sedition to which protective measures had reduced the grandest race the world has ever seen. To be the only Free Trade nation may be aggravating from one point of view. But has it not given that somewhat small spot of earth known as the United Kingdom its greatest opportunity? If protective fetters make the United States so formidable what will happen when that great country casts off her fetters and becomes free?

These lines are inspired by an ardent love for the Motherland, by a desire the most sincere to join in any step that will really promote its prosperity. If Mr. Chamberlain will base his policy upon a genuine approach to "Free Trade within the Empire" all can rally to his support. But to the extent to which any such proposals are alloyed by Protective elements they become, I fear, a source of danger to the best interests of the Empire. Toryism,

extravagance, and Protection—these are the emblems of all that is wretched in the past history of England—Liberalism, economy, and freedom both in politics and trade—these have ever been sign posts guiding the people of England in the direction of peace and prosperity at home — power, safety, and influence abroad.

If the great mass of the men, women, and children of Australia were blessed with wealth, sound principles of taxation would be of less moment. It is the fact that a vast number of the families of our Commonwealth live from hand to mouth, and have a bitter struggle to make earnings cover the ordinary decencies and comforts of home life, that inspires my efforts to secure tariff reform. Mothers of Australia! remember that the greatest of manufacturing countries only employ one in every ten of the working men, women, boys, and girls in the factories. Do not burden, do not impoverish the multitude in order that a few may be favoured at their expense! Do not place all your sons in the grasp of monopoly so that one may live upon the subjection of the rest! Liberty, fraternity, and equality are grand words. It will be grander still to so frame the laws of the Commonwealth that those blessings will brighten the destinies of Australia in the days to come!

G. H. REID.



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THE HON. SIR WM. McMILLAN, K.C.M.G.

Preferential Trade

BY THE HON. SIR WILLIAM McMILLAN

ALTHOUGH as a Free Trader I should be quite willing to discuss the question of preferential trade in its largest aspect, as it will probably affect the Empire as a whole, yet, as my time is limited, I think it advisable in this short article to consider its effect more particularly upon Australia, and Australia's future relations with the Mother Country.

In the first place it may be as well to state clearly the actual position of Australia from an economic point of view at the time when a new policy, against all the safe tradition of our Colonial development, is apparently forced upon our attention by English politicians. I say forced, because Mr. Chamberlain has trampled underneath his feet all the principles enunciated in his own statesmanlike utterances of late years. On several occasions he most emphatically declared that, in all great social, political, and economic movements tending to draw closer the ties between England and her outlying territories, the impulse must come *from* the Colonies, and not from the Mother Country.

MR. CHAMBERLAIN AND THE COLONIAL PREMIERS.

I am quite aware that an apparently satisfactory answer might be made, proving absolute consistency between his speeches in the past and his attitude in the present. I am quite aware that at a conference of premiers—Protectionist premiers—in London, the question of granting a preference to the Mother Country was discussed, and a non-committal resolution passed. But who forced the discussion and, as far as Australia was concerned, who voted for the resolution? Mr. Chamberlain and a Protectionist

premier. And how could the Prime Minister of Australia either bind the Commonwealth or indicate the views of the Australian people when the question had never even entered the arena of practical politics, had never been seriously discussed, and was of such doubtful issue that Sir Edmund Barton's Government decided not to touch it at all during the first Commonwealth Parliament? Probably Sir Edmund knew, as an Australian of many years' experience in public life, that it was very difficult to gauge opinion on a subject never seriously discussed, and at a time when six States of varied fiscal beliefs were trying to assimilate their views for purely local purposes of revenue and trade.

THE FISCAL HISTORY OF AUSTRALIAN STATES.

What was the actual position? What was the history and character of public finance in each State? New South Wales had been absolutely Free Trade, with 36 per cent. of the population of all Australia. Victoria had been extremely Protectionist, with about 33 per cent. of the population. The other States had imposed duties chiefly for two reasons: first, as an act of retaliation against Victoria; secondly, for revenue purposes. In States like Tasmania, high duties were not protective at all; they were for purely revenue purposes, and had not even a Protectionist incidence. But the moment a uniform tariff was passed, and Free Trade was established throughout Australia, one great reason for restrictive Customs disappeared, and the other reason was profoundly modified. With the foolish interstate barriers removed, there could be no retaliation, and a large amount of the old revenue would disappear by the

demolition of Custom houses on the borders. No absolutely Free Trade country would for one moment recognise the new Empire principles of Mr. Chamberlain, and it was grossly unfair to thrust into the forefront, as far as Australia was concerned, such a burning question during a period of acute transition, when it was impossible, from an economic point of view, to say what was really the public sense of the country.

THE DESIRE FOR FISCAL PEACE.

Unfortunately the first Commonwealth elections were decided on many grounds apart altogether from fiscal considerations. In the first place there was a desire to see Sir Edmund Barton the first premier, as on his shoulders had fallen the mantle of Sir Henry Parkes. In New South Wales, at the Premier's invitation, and in view of solemn but afterwards broken pledges, many were returned as *good* men, men known for years in public life, men who had stuck through evil and good report to the cause of union, and, as notably in the case of Mr. R. E. O'Connor, thousands of Free Trade votes were given to those who afterwards either actively conspired, or weakly concurred, in the introduction of an extreme, and in many cases prohibitive, Protectionist tariff. In Queensland the Kanaki and other questions entirely dominated. Now, on the eve of a General Election, with a tariff established, largely a compromise after a fierce struggle, the position has become doubly difficult for Free Traders. Many desire fiscal peace. But the tariff has been passed, and although a different verdict would have been given at the polls if the broken pledges of the Government could have been anticipated, it will probably be found, no matter what amendments may be introduced, that a tariff will still remain which Protectionists can claim as an indication of the true fiscal opinion of the country.

PATRIOTISM AND PREFERENTIAL TREATMENT.

Still, the question is not settled, and it seems to me a dangerous and experimental policy to fix on

Australia a commercial system in its relations with the Empire, which may be shaken to pieces at any General Election by the destruction of a tariff of which the people have never heartily approved. And yet the whole of this controversy is being carried on with the understanding that in the three great Commonwealths of the future—Canada, Australia, and South Africa—a Protectionist tariff will exist which, without seriously interfering with revenue, will allow a large concession, such as 33 per cent., to be made to the Mother Country against the importations of the foreigner.

I quite agree with Mr. Chamberlain that price is not everything, and that sentiment, patriotism, the love of retaining our prestige as a component part of the greatest Empire in the world, all weigh heavily in the scale of national opinion. But there must at the same time be some sense of proportion, and there must be a breaking point where sentiment, no matter how splendid, must yield to the practical necessities of the situation.

THE DESIRE FOR CLOSER UNION.

While we all long for closer political union, while we all cling as passionately as Americans do to the great national bond, still we must recollect that in an Empire made up of parts divided by thousands of miles, and situated in various geographical areas, dominated by different climates, surrounded by different ethnological conditions, it would be the wildest folly to attempt, probably in any matter outside common defence, to swathe them in artificial restrictions, which, while apparently prompted by patriotism and kinship, could not in the nature of things have even a few years' permanency owing to local political exigencies and the ever-changing conditions of trade and commerce.

In the first place, we must not forget that this question of "preference" affects a tariff. But a tariff is part of national finance. Call it Protection or otherwise, it is to the treasurer of the

country a matter of revenue. Is there anything in the world more unstable, more liable to change, as political parties come and go, than national finance?

THE EFFECT ON THE REVENUE.

You may make stable a definite contribution, such as the naval subsidy. But in the agreement for the naval subsidy there is no dictation regarding the mode by which the required revenue is to be raised. If the treasurer finds that his concession to the Mother Country is so large that it is absolutely prohibitive against the foreigner, and his revenue is consequently declining, and if he finds that with income and land tax levied at their highest point he still has to face a deficiency, what will he do? He must either lower the preference rate which shuts out foreigners, or he must raise the scale in part or in whole of the existing tariff. If he reduces the rate against the foreigner to such an extent that it does not prohibit, he will get more revenue, but his own people will be severely taxed, and the foreigner will have the laugh. If he raises the duties all round, where is the concession to the poor Mother Country? Then, again, under the guise of treating the Mother Country with filial affection, or with condescending magnanimity, what is to prevent most of the duties being at a prohibition point, even allowing for the concession? As an example, if 25 per cent. is prohibitive, what a farce it would be to make the duty 50 per cent. with a concession of $33\frac{1}{3}$ per cent. to the Mother Country, working out 33 per cent., or 8 per cent. over the point of actual prohibition.

Again, from the Colonial point of view, there is nothing worse on general principles than a monopoly. But in this new economic proposal you give the Mother Country a practical monopoly in certain goods she produces up to the extent of the concession or preferential duty, so that even if you do get some advantages from reciprocity, you lose much more in abandoning

the markets of the world. Australia has peculiar products, all of which even now England cannot consume or absorb.

THE EVILS OF MONOPOLY.

With the growing commerce of hitherto isolated communities the sacrifice involved of driving away the customers in other nations will prove an ever-increasing burden. Wool grown under special conditions of soil and climate, meat, wheat, fruit, and wine all depend for their healthy distribution on a world-wide commerce. But apart from even these considerations Australia is geographically an Eastern country, the farthest removed from Great Britain of all her great possessions—a magnificent island continent, radiating in her natural commercial influences towards America, Japan, China, and India. The pressure of actual surroundings must ultimately prove greater than any purely artificial machinery, even with such a noble object as the close political union of the British race.

THE AVOIDANCE OF RACIAL TROUBLES.

Our policy now is trade with all countries, but no race contamination. Notwithstanding recent absurdities, we do hold this great territory, planted in the Eastern world, as a stronghold of British liberty for the occupation of the British race, and we do hope that, decade by decade, thousands of our fellow countrymen will flock to us from the congested populations at the heart of the Empire, helping us by fresh blood and by northern energy to keep alive the stamina and character of our race. We can be intensely British, and at the same time invite all peace-loving and commercial people to exchange with us the various products which supply our mutual wants.

But let us turn to that aspect of the question which affects very vitally the Mother Country. Can concessions be made by the Colonies to the Mother Country and by the various Colonies to each other without a substantial *quid pro quo*

from the Mother Country herself? According to Mr. Seddon it is impossible. According to Mr. Chamberlain it is improbable. What then does it mean? Let us get out into the open now that our hands have been forced by the British Government. Preferential trade means a complete reversal of the present fiscal policy of the Mother Country. What is the answer to another question?

THE TYRANNY OF CUSTOMS OFFICIALS.

Will not the return to Protection strike a death blow at the present commercial supremacy of England among the nations of the world? With a hundred millions of English speaking people in the near future, with a probable reduction of duties, and with a national policy of expansion, the United States, with people equally gifted and as well educated as our own, may ultimately challenge our supremacy. But will a restrictive policy either prevent or delay it? In Colonies with small populations, and with outside trade hampered in every way by local legislation and local administration, we may afford to play with many experiments. But what of England with her nine hundred millions of trade? Can she afford either to offend in this most hurtful manner her millions of customers, or to hamper her trade by turning her ports, as Australia has turned hers, into a fat Government preserve for innumerable Customs officers, exercising every known device of small-minded irritation impelled by an administration carrying out a great national policy? I venture to say that if one tithe of the tyranny which Australia has endured at the hands of the present Minister for Customs were attempted in England, no Government could stand for an hour against the expostulations of an indignant people.

THE IMPOSSIBILITY OF A UNIFORM TARIFF.

Perhaps it may be a small duty that is contemplated; perhaps it will be very special duties that may be imposed. But those who have not known the free conditions of an open port know

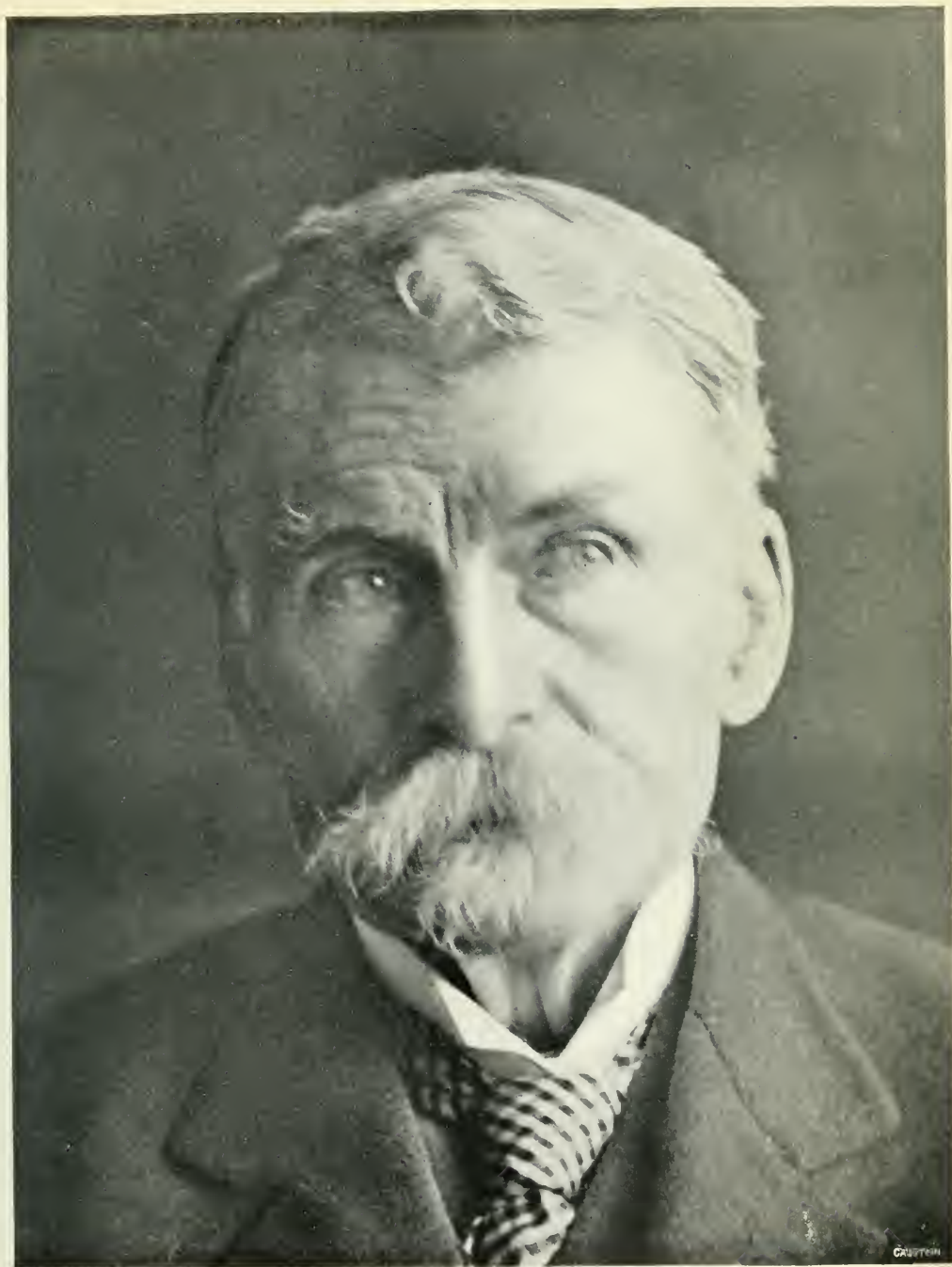
well enough that the smallest duty, especially if distributed over general merchandise, means the same espionage, the same irritation, the same delay, the same loss, and the same worry through hungry officials who can only seek for preferment by imitating the tactics of the over-zealous policeman. Can England afford all this? For what? For commercial union with about twelve millions of white British subjects beyond the seas. To those who believe that whatever country in the world depends for prosperity on the freedom of her ports, England does—there can be only one answer.

But let us look at this change of England's policy in the light of a purely business transaction, and apart from its political or economic bearing on her foreign trade. It is considered that a Zollverein is impossible. Too many varied conditions, too many fiscal and financial changes in the numerous countries under different conditions, render impossible a uniform tariff.

A BONUS ON COLONIAL PRODUCTS.

England must give some return for Colonial preference; but these people know quite well that England dares not, in consideration of her smallness of territory, her teeming millions and her commercial necessities, impose heavy or prohibitive duties. But is there any compact binding the Colonies? None. They may impose duties, which are not merely incidentally protective, but absolutely prohibitive. What, then, will English concessions amount to? Simply a bonus to the Colonies on their products; a bonus paid not by the State as a whole, but bearing heavily upon the poorest members of the community.

I have said that the policy may be to confine the English duties within a small range of articles. But surely in this, history must guide and warn. If those who produce certain articles are protected, why not others who produce other articles? The latter pay their share of the bonus to the Colonies as well as the others. And so it must go on.



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THE RIGHT HON. SIR EDWARD BRADDON, P.C., M.P.

Owing to indisposition Sir E. Braddon was unable to complete his article for this publication in time.

This means, then, that England, in order to force a close commercial union with her Colonies, before there is any real basis for a British Zollverein, and while these Colonies are divided on the question of Free Trade or Protection, is willing to take a step in which is involved the surrender of those principles of open ports and commercial freedom which have made her Empire possible. I certainly cannot believe it.

THE POSITION OF THE MOTHER COUNTRY.

The whole cementing principle of Imperial Federation rests on the greatness and solidity of the Mother Country. She is the sun of the system. But if a policy is inaugurated that gradually reduces that power, and lessens the proportion of her greatness as compared with other nations, surely no artificial system of union can ever compensate for the blow struck at the very heart of the Empire.

A great deal has been said of late years of England's decline. England has not declined. Her ever-increasing trade, her enormous wealth, and her commercial activity in all parts of the world, give the lie to such a statement. England has not of late increased by such leaps and bounds as in former years. Other countries, owing to almost universal peace, Germany by her united people, and America with her magnificent territory and her eighty millions of Anglo-Celts, have naturally spread their commerce far beyond their own territories, and now seek for wider fields in the Eastern world. We are still paying millions a year of interest on a

debt which was incurred to secure the peace and freedom of Europe.

A MOMENTOUS ISSUE.

America, as was said by Mr. Benjamin Kidd, owes her rapid advance to English capital in the days gone by. England's policy has been peace, open ports, and commercial alliance with the nations. It was impossible that she should for ever remain the only great trader—almost the only sea-carrier of the world—for many years under such conditions. If she has failed, it has been in her niggardly expenditure on national education, in her too-confident satisfaction with her own methods, and the want of that knowledge regarding the requirements of other people, in which Germany has far outpaced her. But that is not a matter which touches her economic principles of trade, and it is rather contemptible to find some of the manufacturers of England, who years ago denounced a tax on food, and who owe their prosperity to Free Trade principles, now whining and crying out for Protection when their preserves are invaded, even in the smallest degree, by enterprising foreigners.

Under any circumstances, this attempt to hasten a decision on such a momentous national issue is nothing short of a crime. Let it be discussed, by all means; but let it not be ushered on to the political stage in such a dramatic manner, and with such an appeal to party and to prejudice as makes almost impossible its calm and impartial consideration.

The Commonwealth Free Trade Position.

BY JOSHUA SYMON, K.C.

THE Revenue Tariff Party in Australia has not yet by any means put off its armour. Still it has great reason to boast. Though in a minority in the House of Representatives, and with a bare and uncertain majority in the Senate, it effected an unmistakable amelioration of the tariff as introduced by Sir Edmund Barton's Ministry. It was heralded by the Prime Minister in his Maitland Manifesto as a moderate tariff. The dominant note was to be Revenue—but with a care not ruthlessly to destroy native industries born and fostered by high protection in some of the States. There was to be no new or aggressive protection, and existing duties might be cut as near to the bone as could be without destroying life. The Parliament had not then been elected. When it was, the malign influence of a strong Protectionist representation from Victoria, operating upon an irresolute Prime Minister, and fortifying the more militant Protectionists of his Cabinet, soon made itself felt; and the moderate Revenue Tariff of Maitland became the black list of oppression, which on the 8th October, 1901, was laid before Parliament. The tariff as it exists to-day on the Statute Book is substantially a Revenue Tariff as compared with what was proposed. This splendid result is due to the Free Trade Party.

A PROTECTIONIST MONSTROSITY.

It is amusing to observe the claims put forward to the parentage of the tariff—or rather its upbringing.

The Government were parents of a tariff—but it was a creature of monstrous birth—a Protectionist monstrosity. It was so proclaimed and gloried in; but the Free Trade Party applied the surgeon's knife to its malformations—its extra fingers and toes, and its excrescences and unnatural growths—to such an extent that when done with it, and the wounds healed, it began to assume a decent Christian shape. It is still misshapen—but not so like a Protectionist Caliban as it was. If there be any merit or moderation in it, the Free Trade Party are entitled to the credit. In so far as it is still deformed by Protectionist duties the blame and the odium rest upon the Ministerialists. And surely having successfully done so much for it we may be permitted to do a little more.

THE ADVENT OF FEDERATION.

The Free Traders, then, have the most ample reason for satisfaction. With a Parliamentary success beyond their most sanguine hopes, they have made remarkable progress amongst the people. The advancing tide is with us. In Victoria especially the fiscal schoolmaster is abroad, and the Free Trade faith is spreading and gaining adherents on every side. It is not many years since Free Trade had to speak in whispers in that enterprising State, but the thralldom of the Protectionist press has been shaken off. Its powers were considerable within the State. The advent of federation, which by the bye, it had strenuously opposed, drew its fangs and left it comparatively harmless. The awakening in Victoria is not to be wondered at,



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SENATOR SIR JOSHUA SYMON, K.C.

when we reflect on the steady decrease of its population. High—cruelly high—Protection for 30 years, and a continuation of it even now on more moderate lines, does not enable it to keep its population. The year 1902, as compared with the year 1901, shows a decrease of 3,192, the emigration—mostly of adults—exceeding the natural increase by births, plus any increase by immigration, by that number. Efforts are being made to stop this exodus by opening up lands for selection. It is a pity that experiment was not tried years ago, instead of high Protection.

THE DUTY OF THE STATE.

But we must not leave well alone. Much has been done, but much remains to be done. We must see the thing through. It is dogged as does it. The people are rousing themselves. The question is coming home to them as it never did before. No Revenue Tariffist should adopt a policy of rest and be thankful, so long as any lines are Protectionist, and fall upon the natural industries or the necessities of life of the poorer consumers. To do so would be to desert those principles which he believes will most tend to promote prosperity and happiness of a whole community. To leave any of the leaven of Protection is to encourage the Protectionist to hopes of more, and to make what he has got a stepping stone to it. They are like the "daughters of the horse-leech" who cry—Give, Give. Protection, it has been truly said, fastens itself like a double barbed fish hook in the commercial system of a country. It slips in easily, but is hard to be got out, and when cut out gives intense momentary pain. It is surely the duty of the State to alleviate and not to increase the burdens of its people—to provide the best and cheapest means of subsistence for the greatest number.

THE "TIED-HOUSE" PRINCIPLE.

A new development has lately arisen in the shape of Mr. Chamberlain's Preferential Policy. This has many aspects. We here must wait until we know the specific proposals Mr. Chamberlain has to offer, or what England will agree to. It may involve England going back to the system of depression from which she emerged into prosperity in 1846. Will she do so? On the other hand Mr. Chamberlain seems to expect specific offers to come first from this end. That is unlikely. Any such preferences imply bargains, which, if at any time brought to an end, will leave things for Australia worse than before. The task of arranging a preferential tariff that will meet the wishes of and do equal justice to every part of the Empire seems beyond the wit of man. Any attempt to accomplish it will inevitably cause dissension and end in ultimate disaster. The motive is excellent—to hold the component parts of the Empire more firmly together—to fasten us together with a commercial ligature—but it is, as has been truly said, "the tied house" principle, which is the very antithesis of the silken bond of kinship and affection, pride of race and a common history which will hold the people of the Empire together when commercial bargains and trade preferences would be snapped asunder, or lead only to disagreements and disruption. Every reduction of our tariff in favour of England is a step in the direction of the revenue tariff which we desire, but if it come in the form or guise of preferential bargain it will probably bring more evil than good in its train. Any way, let us wait patiently to see what time and Mr. Chamberlain may bring forth.

A Ring Fence

BY DUGALD THOMSON

A COMMON statement by Protectionist orators, when addressing Australian audiences, is that Protection acts as a ring fence to save the manufacturing fold, and especially the lambs—or young industries—of that fold, from the onslaughts of the ravenous foreigner. These speakers do not think it necessary to explain that the word “foreigners” as used by them covers our own kith and kin in Great Britain; but when their attention is pointedly drawn to this by the recent startling utterances of the Right Hon. Joseph Chamberlain, they cheer to the echo his cry of preferential Empire trade, whispering, with the little breath remaining after their frantic applause, that although giving the Empire a preference over foreign countries, the Australian duties on British manufactures must still remain so high as to shut them out of our market. Wonderful concession to patriotism, astounding sacrifice to kinship! Is it for this that Britain is to be asked to abandon the policy which has made and kept her great, and which, while furnishing her workers with cheap raw material and cheap food, has provided them with employment and raised their standard of living?

TRUSTS, THE OUTCOME OF PROTECTION.

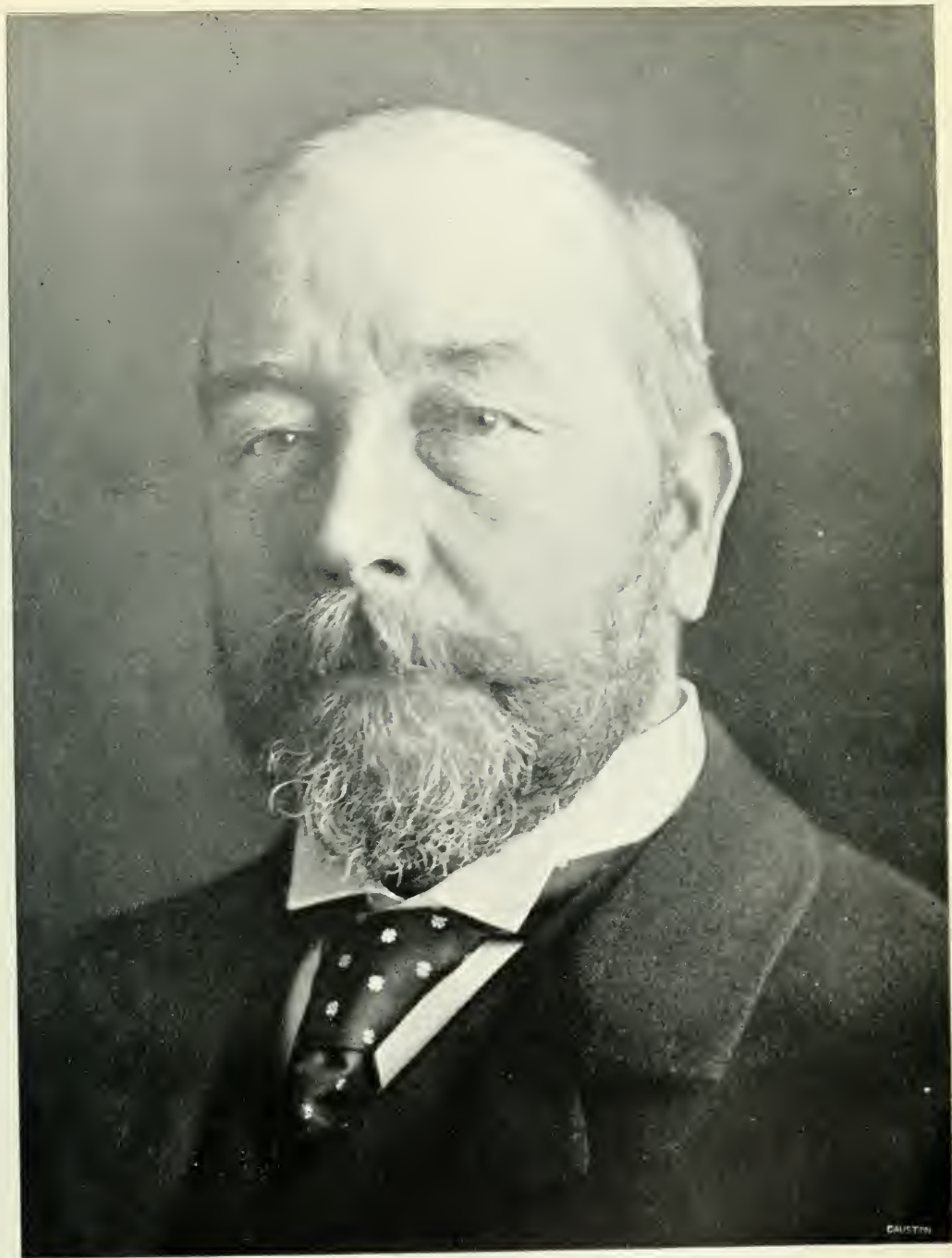
There is, however, a sense not hinted at by its devotees in which Protection is a “Ring Fence.” It is the barricade behind which the “Ring” or Trust finds shelter and success, and draws rich tribute from the public in the shape of taxation which never enters the Treasury chest. The United States, with its high duties, is the great breeding-ground of rings. Recently a card was issued by a London wag bearing these words: “Please permit bearer on this earth.” Who was

the mighty potentate supposed to issue such a bidding? The meaning and satire were revealed when the name of J. Pierpont Morgan, one of greatest American ring-masters, was observed at the foot of the permit.

With its 70,000,000 inhabitants, its magnificent resources, its inventive and organising people, and its vast production of raw material, the United States should be, and is in many manufactures, capable of competing with the world.

PROTECTION AND THE CONSUMER.

Why, then, do its manufacturers need, and having obtained what use do they make of the 50 to 75 per cent. protection which the tariff affords? The answer to the first question is they do not need it, as is shown by their ability to export their manufactures at equivalent prices to those quoted by British and foreign manufacturers. The answer to the second question is that, being able to compete in outside markets, they could the more readily compete with the foreigner in their own were there no duty; but there being a duty of 50 to 75 per cent. against the foreigner the opportunity of annexing the splendid profit that duty offers is too good to be lost. It might be lost, and the consumers greatly benefit, if the manufacturers within the States were left to keenly contest amongst themselves; but here arises the chance of manipulation. Negotiations are opened between the manufacturers, a ring or trust is formed which binds or buys all the manufacturers, arrangements are made to fight off any new competition which may be attracted to the field, unnecessary works are shut down, and the separate competitors become one in interest and in operation.



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MR. DUGALD THOMSON, M.P.

THE ADVANTAGE OF THE FEW.

In many instances the saving effected by this concentration of effort would in itself constitute a handsome profit, and were the combination satisfied with that the public would not complain. But why be satisfied when a friendly Government and a long-suffering people offer so much more? Combination having replaced competition within the United States, and the outside competitor being subject to a 50 to 75 per cent. duty, why not take full advantage of that duty, and obtain from 50 to 75 per cent. additional profit? That is the principal object of amalgamation and it is usually achieved.

The enormous advantage to a few manufacturers can be at once appreciated, but what is the result to that far larger body—the American consumers? They are already enduring the high duties on such of their supplies as come from abroad in spite of the tariff, and which yield the large United States Customs' revenue. In that connection they have at least the satisfaction of knowing their contributions go into the Treasury and save them from other forms of governmental taxation.

THE LAND OF "RINGS" AND TRUSTS.

But of the 50 to 75 per cent. which the "ring" tariff enables the ring to levy not one penny reaches the Treasury to meet the expenditure of the nation. It all passes into the pockets of the few. It is taxation, heavy taxation, made possible by the protective tariff, and, unlike the taxation which supplies the public Treasury, it in no way benefits the great bulk of the people who have to contribute it. No wonder that, with such opportunities for aggrandisement at the public expense, the land of the Stars and Stripes is beyond comparison the land of rings and trusts. Surely it is the unkindest cut of all that its people responded to the appeal for protection to native industries, and the manufacturers thus benefited combine to cripple their benefactors by charging one price to the foreigner when they export their products to compete in the markets

of the world, and another—50 to 75 per cent. higher—(according to the weight of the duty which protects them from outside competition) for the same products sold to their own countrymen. Truly the consumers of America in granting Protection have left themselves unprotected.

THE POLICY OF THE FEDERAL GOVERNMENT.

This is the policy the Federal Government are seeking to inflict on the Commonwealth of Australia. Not satisfied with extracting 9 to 10 millions of revenue from 3¾ millions of people, they would hamper the development of the great producing industries—agricultural, pastoral, mining—which have to compete in the markets of the world without any protection, by farming out to a privileged few the power of taxing those engaged in these industries by the higher prices they are enabled to charge under the protective duties imposed for the tax-farmers' benefit.

It may be said, and correctly, that some rings and trusts exist in Free Trade Britain. But observe how few and feeble they are compared with those of the United States. In most cases their effect is limited to securing by combination and concentration savings in production, and cessation of serious competition. There is restraint from levying blackmail on the consumers. That restraint is not by law, but by the absence of any law (in the shape of a Protectionist tariff) which would enable the levy to be made. Immediately unduly high prices are sought the non-existence of protective duties allows outside competition to enter and to quickly and effectively reduce prices to reasonable levels. In other words, there is no fiscal "ring" fence to shield rings.

A FALLACY REFUTED.

It is often alleged that Free Traders desire to discourage manufactures. Nothing of the sort. They welcome every addition to the industry of a community, but deny that artificial cultivation

will produce healthy industry. Their view is that—given a capable and energetic population—a country's wealth must depend on the extent of its natural resources, and that in the development of those resources is to be found the most desirable and profitable employment for its people. But around that development, and amongst those engaged in it, there will spring up, naturally and healthily, many subordinate industries—including manufactures. If certain manufactures do not arise it will be because their products would not, in character or cost, advantageously replace those from other countries, or because the wages they could offer would not attract those who are doing better in the existing industries. To impose a tax on those engaged in the latter in the shape of the higher prices they will be called upon to pay when shut off by a Customs' duty from the most favourable sources of supply, and to hand over the proceeds of that tax to others as an inducement to establish what, without the tax, would be an unprofitable manufacture, is not the creation, but a mere transfer, of wealth. It is a transaction which penalises, and consequently retards, the great national industries on which all genuine prosperity must depend.

AN EXPERIENCE OF PROTECTION.

Of course, when asking for the ring fence, Protectionists aver that the higher prices and the need for the fence will shortly disappear. But experience shows the contrary, and as time goes on the demand is that the obstruction be heightened and strengthened rather than reduced or removed.

But what need to argue Free Trade and Protection? Is there not an object lesson at our doors? Could there be a fairer test of the policies than the results in the adjoining Colonies of New South Wales and Victoria? Some 30 years ago Protectionist standard bearers, seeking recruits in Victoria, proclaimed that their policy meant employment for the people, the retention of their manhood in the Colony,

and the attraction of population from every portion of Australia. For a quarter of a century—a time sufficient to prove results—that policy held sway. At the end of that period the proud Victoria is found asking the other Colonies to assist her in sweeping away by Federation the border barriers she had erected. Protection had failed to maintain her population, to retain her male workers, and during that quarter century New South Wales, previously far behind, had under Free Trade caught and passed her in population and in commerce.

THE FINANCIAL NEEDS OF THE STATES.

Even in manufacture, for which one department of industry Victoria had sacrificed all others, results did not justify the policy. But 4,000 more hands were employed in manufacture than in New South Wales, and the excess consisted entirely of female workers, New South Wales employing in its uncoddled and more robust manufactures 4,000 more males. The men of Victoria had been driven beyond her borders to seek that employment of which they had been deprived in their own Colony by the fiscal compulsion which attempted to direct their energies into artificial rather than natural channels.

It is true that the financial requirements of the States imply a large revenue from Customs and Excise. But the question for the citizens of the Commonwealth is whether, in raising that revenue, trade is to be left free to follow its natural course in the interests of all, or to be forced in a particular direction in the interests of a few? Is the Government to be allowed first to tax heavily through the Custom House what it does admit; then to use the tariff to deliberately exclude certain goods, and thus create a "ring" fence for encouraging, assisting, and sheltering rings and trusts, and giving them the power of exacting further heavy tribute from the people?

THE ISSUE AT STAKE.

Australia need not fear to follow a more reasonable policy. She has ample proof of this

in the success and advancement of her leading State under Free Trade principles. As to her revenue requirements, they can necessarily be more readily met by the policy that does not seek to restrict or divert the trade which yields the revenue, than by that which purposely attempts to reduce or destroy it. At the approaching election the issue will be, shall the

Free Trade proposal of Customs' taxation for one purpose only—that of supplying the public needs of the Commonwealth—be adopted, or the Protectionist proposal of double taxation—first for the needs of the Commonwealth, and again for the supposed needs of the manufacturers? The decision will be momentous, for it must seriously affect the future of Australia.

The Moral Influence of Free Trade

BY BRUCE SMITH, M.P. (N.S.W.)

THE question: Whether it is more advantageous to a community—considered either as an aggregation of units or as a body politic—to open its ports to the world, and so leave each individual citizen free to effect purchases or exchanges, at the least possible cost to himself, in respect of things that he may require and the people of other communities may produce; or to impose, through the Custom House, a penalty on every such transaction, in order to raise the ultimate cost to the purchaser of the things so required, and so make it monetarily advantageous to purchase of his fellow citizens only, even at a greater cost to himself, with a view of artificially increasing local production?—that is a question that had not even taken shape as a political problem until the advent of Adam Smith, more than a century ago.

CHAOTIC LAWS.

An examination of the history of British commerce, particularly during the enterprising reigns of Henry VIII. and Elizabeth, and generally during earlier and later periods, will reveal a state of public opinion among the governing classes, in regard to the laws of political economy, that was little short of chaotic.

WASTEFUL EXPERIENCE.

Prior to the publication, towards the end of the eighteenth century, of "The Wealth of Nations"—Adam Smith's epoch-making work—almost every conceivable form of State interference had been resorted to, in the belief that commerce could be made more active and more profitable to the citizen and to the nation by legislative regulation; and it needed centuries of

practical and wasteful experience to establish the great but simple truth that underlies the doctrine now known throughout the world as "Free Trade"—the principle of allowing commerce to choose its own channels, and to change its directions and increase or diminish in its proportions, in accordance with the greater or smaller, or altogether altered, demands of the public, for whose benefit it continues to be carried on.

ADAM SMITH'S OPINIONS UNIVERSALLY RECEIVED.

The lesson taught by Adam Smith's great work came as a revelation to the political thinkers of the world; and some idea of the transformation which it effected in men's minds may be obtained from a passage in Buckle's "History of Civilisation," written about 40 years ago, in which he says: "At the present day, 80 years after the publication of Adam Smith's 'Wealth of Nations,' there is not to be found any one of tolerable education who is not ashamed of holding opinions, which, before the time of Adam Smith, were universally received."

EARLY HISTORY REVIVED.

In our own day, many men have neglected to read Adam Smith or the more modern writers of the same way of thinking, or even to make themselves acquainted with the chaotic state of public opinion on economic questions which existed before the publication of his remarkable work, so that it is not altogether unjustifiable to revive the history of those earlier times, and to ask for a consideration of their bearing on the once-settled problem which is now, after an interval of more than a century, presenting itself again for solution.



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THE HON. BRUCE SMITH, M.P.

ABORTIVE LEGISLATION.

One may read in any recognised history of the reign of Henry III. of innumerable, ever-varying, but always abortive, attempts by the legislature to regulate commerce, *e.g.* to raise or lower the price of wool, to stimulate the manufacture of woollen goods, to prohibit the exportation of wool and iron, to reduce the price of labour, to concentrate the English commercial markets, to dictate the prices of provisions, to place a variety of restraints upon foreign merchants who visited England, to regulate the price of corn, to suppress usury, to prevent the exportation of money, plate and bullion, to limit the exportation of horses, to regulate the prices of bows and arrows, to dictate the prices of cloth and various other goods, to prevent the manufacture of the same commodity by any but trained workmen. Again, in the reign of Elizabeth one may read of similarly abortive attempts to foster trade by a system of monopolies, and to stimulate the cotton industry in a particular town of England; whilst in the reign of James there are recorded numerous attempts to encourage trade by the creation of exclusive companies.

THE SCIENCE OF POLITICAL ECONOMY.

And all these, and a thousand other experiments, brought in their train disappointment and despair, but unfortunately not a keener insight into the economic laws hitherto so consistently ignored; and it remained for Adam Smith to gather up, as data, from the pages of history these scattered experiments, and deduce from them certain general principles in explanation of their failure to realise expectations. Those general principles now form the basis of the science of Political Economy, of which Adam Smith may be considered the pioneer or discoverer.

FREE TRADE LOGICALLY UNCHALLENGEABLE.

From Adam Smith downwards, to our own day, there is a long line of recognised thinkers

and economists who are unanimous in regarding the principle of Free Trade as logically unchallengeable; for, as John Bright said: "It is now difficult to understand how sensible people ever thought otherwise."

FREE TRADE A WHOLESOME DOCTRINE;
PROTECTION DEMORALIZING.

As a practical commercial method, Free Trade is unquestionably sound, in the sense that, wherever applied, it produces most profitable results to all who practise it; and as a theory it will stand the test of the closest investigation, and prove itself to be a doctrine which introduces a strong moral sense, a thoroughly wholesome atmosphere, into all its operations.

On the other hand, the middle-ages doctrine of Protectionism can, with equal clearness, be demonstrated to be injurious to both personal and national character, demoralizing alike to individual and collective citizenship, and founded on principles of class partiality and widespread injustice.

FREE TRADE NATURAL;
PROTECTION UNNATURAL.

The policy of *Free Trade* is *natural*; because under it only those industries of a country are established which can live and flourish amid the normal conditions of its climate, soil, local circumstances and general environment.

The policy of *Protection* is *unnatural*; because under it numerous industries are brought into existence by artificial means and nursed into an unhealthy maturity by a sort of a hot-house process, which must be for ever maintained in order to preserve their vitality.

FREE TRADE JUST;
PROTECTION UNJUST.

The policy of *Free Trade* is *just*; because all industries which come into existence under it are required to stand or fall according to their

own unaided merits; and no citizen or class of citizens is compelled by the legislature to contribute through the Custom House to their artificial maintenance.

The policy of *Protection* is *unjust*; because by its general application, numerous industries, unsuited to the conditions of the country, are artificially supported for the benefit of the manufacturer, by means of a system of duties equivalent to subsidies levied by the legislature on the general public, who do not participate in the profits thus artificially earned.

FREE TRADE ECONOMICAL;
PROTECTION WASTEFUL.

Free Trade is *economical*; because it enables the people to whom it is applied to purchase the necessities of life at the cheapest price; and, by leaving unrestricted the laws of supply and demand, and thus directing industries into those channels to which the conditions of the country are best adapted, it produces for the community as a whole, the best commercial results, that is to say, the greatest return for the people's capital and energies.

Protection, on the other hand, is *wasteful*; for, under its restrictions, the people are compelled to purchase, locally, manufactured articles at a higher price than similar goods could be purchased for elsewhere; and, by directing the energies of the people into industrial channels to which the conditions of their country are not fitted, those energies are neither turned to the most profitable use nor used to the best advantage.

FREE TRADE INVIGORATING;
PROTECTION ENERVATING.

Free Trade is *invigorating* to the whole community; because it cultivates a spirit of independence, of self-help, and of self-reliance through every branch of industry, requiring those who engage in them to be ever on the

watch for fresh forms of competition, both in regard to the quality and the cost of production of their particular manufacture.

Protection, on the other hand, is distinctly *enervating* in its influence, inasmuch as it shields the various industries of a country in which it operates from the pressing competition of the outside world, and encourages a sense of dependence, by teaching the industrial classes—employers and employees alike—to look to the State, or, in other words, to their neighbours and fellow citizens, for assistance and support in the maintenance of their various enterprises.

FREE TRADE EDUCATIONAL;
PROTECTION MISLEADING.

Free Trade is *educational*; for, in exposing the industries of a country to the stimulating effect of constant competition with other countries, both employers and workmen are subjected to a wholesome and continuous schooling and stimulus in witnessing the repeated results of skill and ingenuity on the part of other industrial peoples.

Protection, however, is *misleading*, because by shutting out the products of the outside world, both the manufacturers and the workmen cease to benefit by the constant flow of new ideas and new methods from other countries, and at last come to regard their own practices and methods of production as final and incapable of improvement.

FREE TRADE SELF-RESPECTING;
PROTECTION DEMORALIZING.

The influence of *Free Trade* is a *self-respecting* one; for the citizens of a community, working under such a policy, are taught by experience to depend upon themselves, and to feel from day to day that their industrial success is not the result of a system of State-aided monopolies, but rather the outcome of a courageous hand-to-hand struggle with "all-comers" from the outer world. It is thus stimulating to the more manly and heroic characteristics in a people.

The policy of *Protection*, on the other hand, is *demoralizing*; for, under it, industries are not allowed to fight their own battles and to win their own laurels. They are nourished and supported at the expense of the great body of citizens who have no share in their artificially-earned profits; and every fresh economy or improvement in manufacture that forces its way in from the outside world, instead of stimulating them to fresh efforts, enfeebles them and acts like a cutting wind upon an invalid, necessitating further appeals to the State for additional support and protection in the prosecution of their various enterprises.

FREE TRADE PROGRESSIVE;
PROTECTION RETROGRADE.

Free Trade is *progressive*; for, under it, only those industries are entered upon which are naturally adapted to their local environment; they thus become firmly established from the outset, and every stage of their growth and development constitutes a secure footing for future expansion, commensurate with the steady increase of population.

Protection, on the other hand, is *retrograde*; for, with the advent of that policy, numerous industries spring into existence, irrespective of their commercial stability, or their economic fitness to their surrounding conditions; and, sooner or later, it follows that a large number of them wither and decline from sheer inability to withstand the pressure of outside competition.

FREE TRADE LIBERAL;
PROTECTION SOCIALISTIC.

Free Trade is *Liberal*; that is to say, it is the only policy which secures to the people, in the

manner and direction of their personal expenditure, the fullest individual liberty. It is the policy that the Liberal party in Great Britain has always professed and practised since the days when England was freed from commercial restriction by the efforts of Cobden, Bright, and other leaders of the Manchester school. It is the policy that allows every man to make the best use of his earnings by buying in the cheapest market and to make the best use of his labour by selling it to the highest bidder. It is a branch of that broad policy of human freedom which runs like a silver thread through the woof and web of a thousand years of history, and differentiates the British people from those of all other countries in the world.

Protection is *Socialistic*; for its underlying principle consists in compelling every citizen, by Act of Parliament, to contribute to the support or subsidy of a number of industries which could not continue to exist if left to their own resources; it thus pauperises in effect the proprietors as well as the workmen connected with them. If the principle be applied "all round"—which is the only honest form in which it could be applied—that is to all forms of industry and occupation in the community, it involves the absurdity of every citizen subsidising every other citizen, and thus ends in permanently reducing the value of the sovereign in the community in which it operates. If the economic effect of Protection in regard to the people's wealth were illustrated in regard to their bodies, it would produce the ridiculous result of representing the members of a community engaged in an attempt to increase their aggregate strength by leaning against one another.

Deluded Democrats

BY J. W. KIRWAN

"To admit that labour needs protection is to acknowledge its inferiority; it is to acquiesce in an assumption that degrades the workman to the position of a dependent, and leads logically to the claim that the employé is bound to vote in the interest of the employer who provides him with work. There is something in the very word 'Protection' that ought to make working men cautious of accepting anything presented to them under it. The protection of the masses has in all times been the pretence of tyranny. . . . The slave owners justified slavery as protecting the slaves. . . . Is there an instance in the history of the world in which the 'protection' of the labouring masses has not meant their oppression? The protection that those who have got the law-making power into their hands have given to labour, has at best always been the protection that man gives to cattle—he protects them that he may use and eat them."

HENRY GEORGE.

OF the wage-earners of the Commonwealth, most of those who have thought out the fiscal question for themselves are opposed to Protection, not merely because of motives of self-interest, but also on national grounds. They recognise that any policy that benefits the nation must be of advantage to wage-earners, provided that the general wealth is not monopolised by a few, but is reasonably distributed amongst the community. They readily recognise that Protection, whilst it endeavours to confer a temporary and often doubtful benefit on some individuals, penalises every man, woman and child amongst the public by increasing the price of the protected commodities; they fail to see how a country can be made poorer by having brought to its ports stores of wealth in the form of goods; they know that Protection encourages the promotion of industries on a false basis, whilst under Free Trade the industries established are suitable to the country and must necessarily be healthy and vigorous, exposed as they are to the competition of the outside world; they regard the multi-

millionaires and all-powerful trusts of the United States as the product of the high Protective tariff of that nation.

THE CHIEF SOURCE OF AUSTRALIA'S PROSPERITY.

With the Commonwealth's immense and but sparsely settled territory, which covers an area twenty-five times as large as the United Kingdom and is peopled by only three and three-quarter millions of inhabitants, or considerably less than the population of London, it is evident that the development of its vast natural resources should occupy the main attention of its people if it is to realise the hopes of greatness entertained for it by those who accomplished the union of the Australian Colonies. In the future as well as in the past, the chief source of Australia's prosperity must be the pastoral, dairying, agricultural, horticultural and mineral resources. A few figures from Coghlan's "Seven Colonies of Australasia, 1901-1902," brings this fact into prominence.

SOME IMPORTANT FIGURES.

For instance, the total value of pastoral and dairy production within the Commonwealth during 1901 was £36,890,000; although taken as a whole the Commonwealth may be said to be merely in the first phase of agricultural settlement, yet the total returns for 1901-2, including horticulture, amounted to £23,835,000, whilst the mineral production for the Commonwealth for 1901 was £22,016,000. The combined production of the Commonwealth's pastoral, dairying, agricultural, horticultural and mineral industries during 1901 was therefore £82,741,000. In a country that has such great natural capacities as the Commonwealth, there must be inevitably



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associated with the work of developing its hidden wealth various kindred industries, and to supply the ever-growing needs of the increasing population, manufactures must spring up without any artificial aid. To again quote from Coghlan, the value of production from the manufacturing industries of the Commonwealth during 1900 was £34,121,000, and of this a very large proportion comes from industries that cannot be assisted by Protection, such as gas and electric power works, the production of newspapers, saw mills, meat preserving, fruit preserving, breweries, brick making, ice works, &c.

EXISTING INDUSTRIES RETARDED.

Most of the important manufacturing industries of the Commonwealth have nothing whatsoever to fear from Free Trade, and the more intelligent wage-earners frequently ask, "Why should those engaged in the great natural industries that add to the wealth of the nation to the extent of £82,741,000 be handicapped and restricted in their operations in order to provide some assistance, that is possibly of an imaginary nature, to the comparatively few engaged in industries that it is said could not live under Free Trade?" To those who argue that if heavy protective duties be imposed additional manufactures will spring up, the reply is made—is it right to raise prices and so retard the progress of the industries we have got for the sake of other less important industries that we have not got?

DELUDED DEMOCRATS.

Whilst in New South Wales, West Australia, Queensland, and elsewhere in the Commonwealth, most intelligent wage-earners recognise these and other objections to Protection, there are, unfortunately, those amongst them who take a different view, notably in Victoria, where there is an exceptionally powerful Protectionist press. Most of the Victorian workmen afford a remarkable example of Deluded Democrats—an example that is all the more remarkable because of its rareness, at any rate as regards the attitude

of Democrats towards Free Trade. In the United States freedom of trade is one of the principal planks of the Democratic Party, whilst in Germany the Social Democrats and National Liberals strongly oppose duties on food and necessities, and for the most part are absolute Free Traders.

MR. GLADSTONE ON FREE TRADE.

In Great Britain the workers and Liberals have been firm in their opposition to Protection. "To its credit England has stuck bravely to Free Trade," said Mr. John Burns in the House of Commons in May, 1897. Most of the working men leaders of Great Britain share the opinion of Mr. Thomas Burt, another well-known English labour member, who declared, "I am a convinced Free Trader, believing that such a policy is advantageous not only to the community generally, but especially to the workers." There is no limit to the testimony of Liberals in favour of Free Trade, but it may not be out of place to give an extract from one of Mr. Gladstone's great addresses. "For my part," said Mr. Gladstone, "I am a very strong Free Trader. I look back with satisfaction and delight upon those changes in the laws of this country which have laid the products of the whole world open to the population of this country without let or hindrance or charge of any kind whatever. The effect of that is delightful to witness, and although there may be much to desire (and there always will be much to desire) in the lot of our labouring fellow-men, yet when I compare the state of things which now prevails with that which prevailed in my youth, if I compare that which you may hear from your grandfathers with that which you are able to tell for yourselves as regards the food, the clothing, the lodging, the comforts and enjoyment of life open to people at large, the change which it has been my happy fortune to witness is an immense change. At the same time, though I wish that the products of the whole world should find their way to the

tables of the labouring people of this country without let or hindrance, and although I hope no delusions and no quackery will ever induce the Legislature of this country to go back on the happy experience it has witnessed, yet if any of these products can be better raised at home I delight in it."

MR. CHAMBERLAIN IN 1895.

Speaking on July 16th, 1895, Mr. Joseph Chamberlain, then the idol of working men, said: "Protection would be impossible, even if we were wise, and it would be unwise even if it were possible"—a remark that seems strange in the light of some of his more recent utterances. The present Prime Minister, Mr. A. J. Balfour, was not less emphatic in his praise of Free Trade. According to the *London Times* of April, 1899, Mr. Balfour said: "I am the last to under-rate the significance of the enormous expenditure which we have been obliged, in pursuance of our duty, to ask the country to sustain; but gigantic as is that burden, shoulders which are asked to bear it are incomparably stronger than they were. We have paid off all the financial obligations thrown upon us by the Crimean war, and we have in addition paid off two hundred millions of the national debt, a legacy from generations now long gone by. The amount we have annually to pay, not for the redemption, but for the mere payment of interest on the debt, has diminished by more than eight millions sterling, and the condition of every class, indeed, most of the working class, has improved by every test which it is possible to apply. It is proved by the rate of wages; it is proved by the consumption per head of luxuries and of necessities; it is proved by all the statistics which we can acquire with regard to the housing of the working classes; it is proved above all by the diminution of pauperism. Vast as is the expenditure which we are asked to bear—to maintain the load of empire—that expenditure is well within our resources, and in time of stress or strain could without difficulty be augmented

sufficiently to meet any conceivable emergency. I say this, heaven knows, in no spirit of boastfulness. My confidence in the future is based upon a consideration of our past. It is based upon a view of the steady progress in wealth, in education, in population. It is based upon the diminution of the burden of indirect taxation upon the great masses of the community."

ENGLISH LABOUR COMPARED WITH AMERICAN.

To Democrats a comparison between the condition of the working men of Great Britain and those of protected countries affords a striking object lesson of the evils of Protection. "English labour to-day," said Mr. Keir Hardie, the English labour leader, "is not nearly so pauperised as is the labour of America." Dealing further with the same subject Mr. Keir Hardie wrote: "I have had an opportunity of studying the condition of the American workman on the spot, and I unhesitatingly declare that in spite of his Protection—perhaps because of it—his condition is immeasurably worse than that of the British worker. The position of the workers of this country has improved considerably since the inauguration of the Free Trade policy."

To compare Great Britain with the United States is like comparing old age with youthful manhood. The vast extent and inexhaustible wealth of the United States, together with the ceaseless flow of immigration, places it in a far more advantageous position for progress than any of the old-world countries, and that its workers are not in an infinitely better position than those of Great Britain, justifies Mr. Keir Hardie's supposition that it is due to Protection. In protected European countries the remuneration of workers is even less than in the United States.

FREE TRADE BENEFITS THE WORKER.

On this point Mr. Thomas Burt, M.P., writes: "I know something of the condition of the workers of France, Germany, Belgium, and other countries of Europe where the policy of Protection is in operation. I can testify that the

general condition of the worker as regards wages, hours of labour, the standard of living and everything that conduces to give a healthy and comfortable home life, is incomparably better in Free Trade England than in any of these Protectionist countries." Mr. J. H. Wilson, M.P., in the House of Commons, 1893 (National Sailors' and Firemen's Union), said: "Having travelled in all parts of the world he had not found that Protection had benefited the workmen of other countries, and he did not believe that it would in any way benefit the workmen of this country."

PROTECTION MEANS THE PLUNDER OF THE
PRODUCER.

Mr. George J. Holyoake, author of "Sixty Years of an Agitator's Life," writes: "It seems incredible to one who has lived in the age of Protection that it is necessary to say whether it is good for the working class. Twenty years after Free Trade began in England, we found at our Co-operative Stores that £1 spent there purchased more than could be bought for 30s. in the starvation days of Protection. In the early days of co-operation and chartism the leaders of both parties opposed Free Trade on the ground that it would increase competition, and therefore lower wages. On the contrary, the great mass of our workmen receive, on the whole, double the amount of wages they formerly did, and their hours of labour, which extended to 12 or 14 hours, are now in a vast number of trades reduced to eight hours per day. Protection is good for the employer but bad for the workmen, and means the plunder of the great population of producers."

VICTORIA AND NEW SOUTH WALES.

In Australia a comparison may be instituted between the prosperity of the workers in Victoria, the policy of which was Protection, and in New South Wales, the policy of which was Free Trade prior to the introduction of the uniform Commonwealth tariff. In making this comparison it should be remembered that Victoria

was enriched considerably by the fact that she has produced £260,000,000 worth of gold, whilst New South Wales has only unearthed £49,660,000 worth of the precious metal. In addition, account should also be taken of "the greater extent of the sea-board of Victoria as compared with the area, largely reducing the cost of transport, the more uniform fertility of the soil, and her more general and copious rainfall, exposing her less frequently and less disastrously to droughts than is the case with New South Wales, and also her more bracing climate, resulting in the more energetic character of her population."

NEW SOUTH WALES HAS OUTSTRIPPED
HER RIVAL.

Furthermore, as one writer on the question rightly shows: "Victoria enjoys the great advantage, owing to her geographical position, of doing the larger portion of the Riverina trade, and that for many years and till recently the land laws of Victoria were far in advance of those of New South Wales, and enabled her soil to be utilised far more efficiently." Yet notwithstanding all this, New South Wales has outstripped in nearly every respect her Protectionist rival. During the forty years from 1860 to 1900, the average annual increase of population, owing chiefly to the excess of arrivals over departures, was in New South Wales 7·25 per cent., whilst in Victoria it was only 3·05 per cent. It may also be pointed out that the increase in New South Wales from 1891 to 1900 has been greater than the united increases of Victoria, Queensland and South Australia. According to Coghlan, the value of production from even manufactures was largest in New South Wales, where it amounted to £10,081,750, being more than £2,600,000 in excess of the figures shown for Victoria.

LOW-PAID LABOUR THE RESULT OF
PROTECTION.

Statistics show that Victoria gave more employment than New South Wales in the low

wage industries principally employing females, and less employment in those trades principally employing men, where wages are high. In trades principally confined to men, woman and child employment was more largely substituted for that of men in the Protective than in the Free Trade Colony. On the other hand, in trades principally reserved for women, the proportion of men employed was greater in New South Wales than in Victoria. A comparison of the two Colonies, as one authority says, "fully bears out the contention that one of the principal results of Protection is the substitution of low-paid woman and child labour for higher-paid male labour." Whilst wages were not higher, prices were dearer in Victoria than in New South Wales, and in Melbourne sweating was common. Senator Barrett, a Victorian Federal Labour member, speaking in 1895, said: "The worst forms of sweating existed in the Colony to-day—worse than in Great Britain. England was immeasurably superior to Victoria in this respect just now. There were men in the employ of the Melbourne City Council who, by the time they reached their home again, had done 13 hours' work, and their remuneration was £1 per week."

THE INSTITUTION OF LABOUR BOARDS.

Even Mr. S. Mauger, M.P., Secretary of the Victorian Protectionist Association, has given similar testimony. Speaking in 1896, he said: "It was said that bootmakers' wages were only 15s. per week. If that was true, it was due to unrestricted competition in that trade. It was the very success of Protection which produced the reduced wages in the boot trade, because every journeyman operative was able to start for himself, and so increase the cut-throat competition." Wages would have been reduced to a very low rate indeed in Victoria, were it not for the institution of wages boards. It is these boards that workers have to thank for preventing, in spite of Protection, the present low rate of wages becoming still lower.

THE EVIL OF CENTRALISATION.

One of the chief results of Protection in Victoria has been to encourage the promotion of unhealthy city industries, and by enticing the rural population into the metropolis help to establish the evil of centralisation. In few, if any, of the countries of the world is this evil more noticeable than in Victoria, where over 40 per cent. of the population of the State live in Melbourne. The existing Federal tariff unfortunately tends to perpetuate the evil of centralisation—an evil that is all the greater because of the vast area and sparse population of the Commonwealth. In the existing tariff the machinery used in the agricultural, pastoral, and mining industries is heavily taxed, whilst the tools of trade and city industries are admitted free! The inconsistency of such an arrangement is striking, but inconsistency is the invariable accompaniment of Protection. The Protectionist manufacturer who wants his finished product "protected" to the limit of prohibition, bitterly resents any proposal to tax his raw material or the machinery, or tools of trade used in his industry. He does not like taking the physic he so freely prescribes for others. No Free Trader objects to tools of trade being admitted free, but why should not machinery also be admitted free? "The manufacture of machinery gives employment," replies the Protectionist, disregarding the fact that the manufacture of tools of trade also gives employment. If it be asserted that more employment is provided by the use of tools of trade than by the manufacture of them, the same argument applies to machinery. No machine is likely to be imported into the Commonwealth to be kept idle. Every machine landed anywhere on the shores of the Commonwealth is bound to provide employment and assist in adding to the sum total of the wealth of the people. In the making of machinery few men are employed in comparison with those who are engaged in its utilisation.

REVELATIONS OF TRUTH.

The battle over the tariff during the first session was instrumental in ventilating the arguments for and against Protection. The discovery that there were many Victorian working men who, whilst declaring themselves Democrats were also Protectionists, came as a revelation to those who, judging by the experience of other countries, always viewed the bulk of the wage-

earners as staunch Free Traders. There are those who say that most of these Deluded Democrats have had their views altered as the result of the revelations of truth during the tariff fight. If this be so they have an opportunity of proving themselves alive to the best interests of themselves and their country by voting at the coming general election for candidates who favour a policy of Free Trade for the Commonwealth.

Federal Tariff and Fiscal Reform

BY THE HON. P. McM. GLYNN, M.P.

EXPERIENCE clearly teaches that it is very difficult to change the established fiscal policy of a country. People are inclined to accept as inevitable the conditions to which they have become accustomed, and have seldom the inclination or time to so closely study economic problems that the true causes of social phenomena can be recognised. They feel that something is wrong, but, being unable without time and attention to trace the evil to its source, accept the plausible suggestions of self interest which generally support the existing state of affairs. Thus custom, which overlays truth, is one of the greatest obstacles to reform. Reason is far from being the chief force in public life, however confidently at times appeals are addressed to its influence. "Damned custom has too often so braz'd the public heart that it is proof and bulwark against sense."

VESTED INTERESTS AND FISCAL POLICY.

It is, therefore, no easy task to eradicate a fiscal system that has been allowed to take deep root. Personal considerations qualify patriotism. Merchants dislike interferences with the routine of business, and the few to whom the State is generous at the expense of the general public are inclined to sink convictions which tell against their pockets. A manufacturer or a farmer is apt to tolerate an import duty which enables him to sell his produce at 25 per cent. beyond its value. Vested interests thus tend to cluster round and support a system which the conscience condemns, and the work of reform becomes more and more difficult with the passing years. A statesman who would revise a pernicious fiscal system must act promptly, or the growth of new conditions will make against success.

The experience of the United States proves that the tendency is to increase rather than diminish Protection, and that modifications in the direction of Free Trade are not easily effected after vested interests have grown under the policy.

THE ETERNAL INFANCY OF INDUSTRIES.

In introducing the first duties in 1789 Madison said his object was not to allow industries which had arisen under the regulations of the States to perish from alteration which had taken place, and that some manufactures being once formed can advance towards perfection without adventitious aid. His apology for taxation not required for the purposes of revenue was similar to that offered *one hundred and ten years later* at Maitland by the Prime Minister of the *Australian Commonwealth*. The first American duties ran from 5 to 15 per cent. *ad valorem*. They were to disappear when the industries to be encouraged had acquired the promised perfection. In America, where the bounty of Nature counteracts the effects of political meddling, strength seems to come slowly with adventitious aid, and appetite to grow by what it feeds on. The import duties still remain to protect the eternal infancy of industries, and in 1890 were equal to 30 per cent. *ad valorem* upon the total imports. To take two leading lines—the duty on cotton was in 1790 $7\frac{1}{2}$ per cent. It was raised in 1794 to $12\frac{1}{2}$ per cent., in 1797 to 15 per cent., in 1804 to $17\frac{1}{2}$ per cent., and in 1812 to 35 per cent. During the same years the duty on woollens was increased from 5 to 30 per cent. *ad valorem*.

PROTECTION, A TEMPORARY SPECIFIC.

The history of import duties for protective purposes has been similar in the Australian colonies. In the beginning the duties were



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even lower than those imposed in the first session of the American Congress. In 1900 the duties on taxed articles, exclusive of stimulants and narcotics, were equal to an average of 23 per cent. *ad valorem* for all the States. As the duties were practically for revenue purposes only in New South Wales, and were on a moderate scale in Western Australia, it will be seen how burdensome was their character in some of the other States. The Dominion of Canada also, at a time when a policy was required to keep a party together, adopted Protection as a temporary specific for an assumed sluggish industrial condition. Twenty years later Sir Wilfrid Laurier found how difficult it is to even temper with moderation a high protective policy. "I can assure you that no one knows the difficulty of dealing with vested interests," although admittedly the duties were still far too high.

POWER IN DEFENCE OF PRIVILEGE.

The reason was suggested by McDuffie, of South Carolina, when denouncing the American Tariff of 1828. "The system," he said, "brought ambition and avarice and wealth into a combination which it is fearful to contemplate, because it is almost impossible to resist." Combination means power, and is always, and too often successfully, resorted to in defence of privilege. The work of reform, therefore, must not be delayed until popular apathy and class organisation strengthen the forces to be overcome.

Some of those who seek the easiest way out of all difficulties declare that the tariff framed by the Federal Parliament after eleven months' debate should now be accepted as the settled policy of the Commonwealth. It is yet to be seen, however, whether the adjustment is supported by public opinion. The principle only was declared at the first elections; the method and extent of its application are now to be studied in the Statute Book. Promise and conjecture are not seldom falsified by the event.

IRRITATING AND SEVERE DUTIES.

When a Ministry gains popular support by promises of moderation, it is reasonable to ask whether moderation consists in taking the stiffest State tariff as the model, or striking an average of those of all the States which practically took no account of one. The duties as introduced by the Government on the 8th October, 1901, appeared to have been framed chiefly on the Victorian precedent, and on the assumption that the existence of simple revenue tariff in New South Wales had better be ignored. Victoria had sent to the Federal Parliament a contingent whose loyalty to her fiscal system was beyond dispute, and whose votes were vital to the Ministerial programme. The fate of proposals of closer concern to representatives of other States depended on the support of Victorian members whose votes had to be secured by protection of a character to which they were accustomed. The Ministerial idea of moderation was, therefore, approximation to the highest ruling rates, and, as it is impossible for an Opposition to do more than modify proposals, the reductions effected by criticism still left the duties in many cases irritating and severe.

A POLICY OF REVISION.

A policy of revision, then, is justifiable, and, if it is to be undertaken, must not be indefinitely postponed. When victory is impossible a party's power for good in other lines should not be wasted in devotion to a hopeless ideal. Then the Educational campaign may be continued, but the questions of the moment must be those which are both practical and pressing. When, however, the result is doubtful, or the conditions favourable to success, both honour and interest require that a great party should take the field. The issue must be the main uniting principle, the extent to which that principle is to be applied being determined by the conditions of the time. A statesman must always take these conditions into account, for in nine cases out of ten legislation is a matter of compromise.

FUNDAMENTAL CHANGES INEXPEDIENT.

Free Traders recognise that a fundamental change of the fiscal system is, for the present at least, difficult if not inexpedient. The Commonwealth started with five States more or less Protectionist and one practically Free Trade. Restrictive duties varied from 35 and 25 per cent. *ad valorem* in one State to 15 and 10 in another, while the policy of a third was a mean between these two. Differences of degree, principle, and productivity are indicated by the fact that in 1900 the Customs revenue per head ranged from £1 6s. 4d. in New South Wales, £1 15s. 8d. in South Australia, £1 19s. 3d. in Victoria, £2 16s. 2d. in Tasmania, £3 3s. 8d. in Queensland, to £5 6s. 2d. in Western Australia. As to productivity, the £1 6s. 4d. which went to the revenue was, with the cost of collection, practically all that the consumer paid in New South Wales, as the duties, being for revenue purposes, fell mostly on articles incapable of production at home; but to the £1 19s. 3d. per head received by the Victorian Treasurer, who laid his duties chiefly upon commodities capable of being locally produced, must be added the additional price paid on that portion of consumption which was met by the local supply.

PROTECTION ABOLISHED BY DEGREES.

Existing conditions, which the philosopher only can ignore, must to some extent be considered when financial and economic effects are likely to be so different in the different States. This has always been the method of reform adopted by those who believe in duties for revenue purposes only. Protection was abolished by degrees in the United Kingdom, for the work of revision of duties, begun in 1842, extended over some years, and had not fundamentally changed the system for about a quarter of a century. But while making every allowance for the conditions in the several States, and recognising that a change must not be too sweeping at the moment of transition, there is

still a great opening for reform. Revenue is in many cases sacrificed to support industries which afford no compensating employment to labour.

THE WASTE OF TAXATION.

It has been estimated that for every million sterling of revenue received by the Treasurer of the United States about six millions more is paid by the consumer. Even if the waste of taxation were only half what these figures suggest, the protective policy that renders it possible is wasteful and oppressive. The Australian policy, which can be realised, if not at once, at least by degrees, ought to be duties for revenue purposes only. Our ideal should be, not the Imperial Tariff of 1842, when six-sevenths of the revenue was derived from nine articles, while 531 duties produced only £80,000 a year, and the collection of 147 involved an actual loss in connection with drawbacks to the State, but the Tariff of 1900 which left 94 per cent. of the imports free, and touched for revenue only a few lines, and for purely Protective purposes none. Yet under that Tariff the United Kingdom has acquired an external trade of £877,000,000, and maintains, without apparent effort, the yet not "too vast orb of her fate."

AN UNJUST TARIFF.

The fiscal issue then has not been finally settled in the first session of the Federal Parliament. Had the Maitland promises of moderation been kept the advocates of a revenue tariff might well have acquiesced in a compromise during the early years of the Federation. But, notwithstanding the reductions and modifications secured by persistent attacks upon the duties as introduced, the first Australian Tariff is too unjust to the consumer, too wasteful of revenue, and too full of anomalies in the relation of net rates on the raw material and the finished product to be accepted as a reasonable settlement of the greatest question that it was the duty of the Commonwealth Parliament to face.



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SENATOR G. F. PEARCE.

Free Trade from a Labour Standpoint

BY SENATOR G. F. PEARCE.

THE fiscal question is undoubtedly one of some importance to the worker, and one of the main arguments advanced by either side is the effect of the opposing systems on the labour and condition of the masses.

There are two points of view from which the fiscal question is regarded by the worker :

- 1st. The manner in which the question affects the industries of a country.
- 2nd. The incidence of the rival policies as a measure of taxation and its effect in substituting direct for indirect taxation.

In viewing the fiscal question from either of these standpoints in Australia at the present time, one must at once admit that the fact, that the leaders of both fiscal parties in the Federal Parliament have announced, that they will not for the present countenance direct taxation by the Commonwealth Parliament, limits the extent to which either party can put its principles into practice.

THE FREE INTERCHANGE OF COMMODITIES.

Reverting to the two aspects of the question indicated it may be said that Labourists who are Free Traders believe that the best way to deal with No. 1 is to interfere as little as possible (at the Custom House) with the free interchange of commodities.

They urge that by doing so, the great primary industries can be assisted, and point out that the prosperity of the primary industries will assure the prosperity of the secondary (manufacturing) industries. Further, that by the non-imposition of duties for protective purpose you make it imperative that aspect No. 2 shall be considered, and have a greater possibility of substituting

direct for indirect taxation. The Labourist Free Trader regards the fiscal question as a hinge, the non-imposition of protective duties comprising one leaf, and the other being the imposition of direct taxation.

The Labourist who accepts Protection claims that the latter result can be as readily achieved by prohibitive protective duties, which, destroying revenue, compel direct taxation. In America, however, which most nearly approaches the prohibitive ideal, direct taxation is unknown.

TAXATION BY THE MANUFACTURER.

On the other hand it is well known that in Great Britain, under Free Trade, a large proportion of the revenue is raised by direct taxation. In addition, it has to be remembered that prohibitive tariffs do not destroy taxation, but place the collection in the hands of the manufacturer instead of the National Treasury, by allowing the manufacturer in the shelter of the tariff wall to levy taxation by increasing prices.

The charge of inconsistency is often brought against the Free Trade Labourist on the ground that while he advocates the exclusion of coloured labour from Australia, he agrees to admit the goods produced by coloured labour in other countries.

The answer to this contention is, first: The admission of coloured races is opposed, not so much on industrial grounds, but because of the danger of race deterioration as the result of the intermingling of the coloured and white races.

It is pointed out that we do not suffer either racially or industrially by the importation and consumption of such goods as tea and rice, the produce of coloured labour countries.

THE MOST FORMIDABLE OPPONENT.

With reference to manufactured goods, the facts are, that the coloured races are *not* formidable competitors in their own country. This is shown by the fact that in the year 1900, of the imports into the various Colonies, 36·63 per cent. came from Great Britain, 49·98 per cent. inter-colonial, 20·39 per cent. foreign countries, only 5 per cent. of which came from coloured and low-paid labour countries. The fact is, that it is the highly-paid white worker and not the low-paid coloured worker who is our formidable oversea opponent.

Another reason advanced why a Labourist cannot be a Free Trader, is that it is impossible to raise the condition of the worker in the home industry when he has to compete in an open market with workers in a similar industry under less advantageous conditions. If this contention were sound, then the workers of Great Britain should be in a far worse position than the workers of other European nations.

THE EFFECT OF TRADE UNIONS.

That this is not so is easily proved. Great Britain has 2,000,000 trade unionists as compared with 1,000,000 in Germany, 600,000 in France. But not only are they in a better position from the trades union standpoint, but they are able to accomplish more. From 1893 to 1901 inclusive, they were able to gain for the workers a nett gain of wages averaging 4s. 9½d. per head. This upward tendency of wages has been accompanied by a steady and sure reduction of the hours of labour.

This record cannot be surpassed, if equalled, in any other European country.

A greater percentage of the strikes entered into during this period in Great Britain resulted in favour of the workers than was the case in any other European country for the same period. The trade union returns for 1900 and 1901 show that in Great Britain 4 per cent. of the members were unemployed, France 10 per cent.

THE BENEFICENCE OF DIRECT TAXATION.

It is urged that under Free Trade sweating becomes rampant, but the slums of New York can show as black a picture as any city of Great Britain, while the experience of Melbourne in this respect has not been enviable.

But so far we have only looked at this question as it affects the production of wealth. The phase of the question which affects the distribution remains to be faced. And just here the Labourists affirm that a policy (even of Free Trade) which affirms the negative side and does not also assert the positive, is one which cannot demonstrate the justice and efficacy of its operations.

They contend that as Free Trade affirms the opposition to Protective duties as an aid to production, must necessarily assert the justice and beneficence of direct taxation, and that anything short of that is but a substitute. It cannot therefore be surprising to find that Free Trade Labourists do not wax enthusiastic on the doctrine of Revenue Tariffism.

NO HANDICAP ON PRODUCTION.

It must be recognised that every tax, even for revenue purposes, on articles which can be produced locally is Protective in its incidence, and therefore, from the Free Trade standpoint, indefensible.

The great primary industries must be the chief factors in the production of wealth in Australia. The produce of these industries must be sold in the markets of the world unaided by Protection. Surely, then, it is wise to adopt a policy which will place no handicap on production, while at the same time, by such taxation as that of land values, being made possible, will also open the way for a more equitable distribution of the wealth produced; and a policy which will give that access of labour to natural opportunities which is the best safeguard for just industrial conditions for the worker and producer.



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Protection and Militarism

BY F. T. HICKFORD, M.L.A., PRESIDENT OF THE AUSTRALIAN FREE TRADE
AND LIBERAL ASSOCIATION

NOTHING has more clearly defined parties in Great Britain than the scheme of a preferential tariff as enunciated by Mr. Chamberlain. There is a vagueness about the whole of the proposal that invites a very general discussion on many points which may ultimately have no value in the controversy should the scheme ever go further than the threshold of a mere suggestion and become enlarged into the wide arena of really practical politics; the details will then furnish so many points of wide divergence that the bridge of sentiment will prove quite unable to connect the conflicting and sundering matters in dispute. Sentiment is not business and certainly is not political economy. The absence of large burning questions and the presence of the grave national questions involved in the South African war necessitating the combination of all political parties have for many years prevented any clear lines of demarcation between the Conservative and Liberal camps; but Mr. Chamberlain's policy at once arouses attention and lays down this unmistakably distinct line—that Protection, Militarism, and Conservatism are very much akin.

WAR AND TARIFFS.

"War and Tariffs," said Bright years ago, "are the two great enemies of mankind." It is a remarkable and yet recognised fact that the Conservative party have always encouraged a heavy expenditure on military armaments, and therefore have always shown a strong inclination to demand the imposition of Customs and Excise duties ostensibly for revenue purposes.

The Cobden Club in its last report refers to this undue expenditure:—"Lord Salisbury's Ministry in 1897 considered that the military requirements of the country were sufficiently met by an army costing £18,000,000 a year.

Mr. Balfour's Ministry in 1903 demands for the peace establishment of the army £34,000,000. This additional cost of the army alone is equivalent to an income tax of fully 6d. in the £ and more than equals the whole revenue obtained from the Sugar Tax, the Corn Tax, the Coal Tax and the increased duties on tea. The navy estimates have increased as rapidly as the army estimates, and there has been also a very rapid growth in the expenditure upon Civil Services. The total expenditure of the country, including loan expenditure on military and naval works, now falls little short of £150,000,000 a year."

PEACE THE SEQUENCE OF FREE TRADE.

The early Radicalism of Mr. Chamberlain apparently was only a thin veneer under which strong military Conservatism predominated. When in 1886 Mr. Chamberlain was President of the Board of Trade, Bright then remarked that he was the greatest Jingo in Gladstone's Administration. Bearing in mind the affinity of Protection to Militarism, one easily understands how Free Traders such as Sir Henry Campbell Bannerman and Mr. John Morley denounced the South African war in the most vigorous terms. This strenuous disapproval of heavy expenditure on army and naval equipments, with the consequent increase of burdensome taxation, is part and parcel of the great traditions of the Liberal and Free Trade party. Cobden, Bright, Villiers and Gibson were early members of the Peace Society, and even in 1835 Cobden, a young man of thirty-two, advanced in his pamphlet, "England, Ireland and America," the non-intervention principle of Great Britain in Continental disputes, and stoutly asserted that England should not be continuously the gendarme of Europe. He looked on peace as the logical sequence of Free Trade, and was keenly alive and

anxious to reduce military expenditure. In 1849, in the House of Commons, he submitted a proposal for international arbitration, and in 1851 a motion for the mutual reduction of armaments. Some years before his death, he and a friend were reading the monuments in St. Paul's Cathedral. His friend remarked that perhaps Cobden himself would be buried there. Cobden quietly answered, "I hope not. My spirit could not rest in peace amongst these men of war."

THE CONSISTENCY OF COBDEN.

Cobden and Bright, who did so much to form and shape public opinion, found in their honest and strongly expressed opposition to the Crimean war (which was far more popular than the South African war) public opinion strongly against them. It was a time of panic and frenzy. They were both burned in effigy. Nothing has been more heroic in political history than the stand they took on this occasion when popular excitement and popular clamour, fanned by insular prejudice, were set so unreasonably against them. Newspapers poured a torrent of invective towards the whole of the party; yet there was no flinching from the stern path of duty. Free Traders were routed at the election of 1857, brought about by the adverse motion of Cobden on the Chinese war, when the Palmerston Government suffered defeat. Bright and Gibson lost their seats at Manchester, and Cobden at Huddersfield. A few months later Bright was elected unopposed for Birmingham, which by a singular turn of events is the constituency of Mr. Chamberlain. Two years after Cobden's rejection and during his absence in the United States, Cobden was chosen as the member for Rochdale, and immediately on setting foot on his native soil he was offered Cabinet rank by Lord Palmerston, but he frankly told that Minister of War that it would be impossible to accept office under him.

THE "TIMES" AND PROTECTION.

The present attitude of the *Times* is not difficult to understand. The *Times* has always been inclined to Protection. Representing the

Conservative feeling of the time, it was the bitterest and most unscrupulous assailant of Cobden and Bright during the Corn Law Agitation in 1857, and referred to their defeat in this way: "We regret the fate which has overtaken Messrs. Bright and Cobden. For ten years we have opposed these two gentlemen in well nigh every act of their public lives, and yet now we must honestly say that we deeply regret to see erased from the roll call of the House of Commons the names of Mr. John Bright and Mr. Richard Cobden." During the War of Secession in the United States some forty years ago, Cobden and Bright maintained with their usual outspokenness that the Northern States were right in their contention. The *Times*, true to its Conservative principles, strongly sympathised with the Southern Confederacy, and in 1864 Cobden and the *Times* had a memorably keen encounter. But the *Times*, although perhaps the best known of English journals outside Great Britain, has neither the influence nor the circulation which its great name would lead one to suppose. Its high price of threepence confines it to the well-to-do classes.

FISCAL BURDENS INCREASED BY WAR.

As with parties so with nations. The most military nations are the most protective, and increased fiscal burdens follow a war. Mr. Chamberlain's proposal is more than a coincidence. France after the Franco-Prussian war became more protective, and Bismarck, who certainly cannot be viewed as a man of peace, increased the duties in Germany after the same campaign. The peaceful countries of Europe incline to commercial freedom, as Mr. B. R. Wise remarks in his *Industrial Freedom*:—"Neither Holland, Norway, Belgium, Switzerland nor Denmark can be called protected countries, and some of them—notably Holland—have tariffs very little higher than that of England. These countries are, of course, not to be compared in extent of territory with their Protectionist neighbours, but they are not one

whit behind them in the other elements of national greatness. They are free, wealthy, peaceful and progressive! Can any of the European countries which have adopted Protection be characterised in the same terms?" The United States occupies a unique position. Her origin as a nation was in its very conception hostile to England, and whilst the bitterness of the struggle still remained she determined to shut out English goods. Her tariff arose from the same feeling which causes war—a feeling of bitter and determined hostility. The tariff revision after the Civil War of the sixties naturally followed exactly the same course as in France and Germany—there were heavy additional tariff burdens, under the usual disguise of obtaining revenue to meet war expenditure.

COMMERCE THE CIVILIZER.

Commerce is the civilizer of the world, and the extension of international trade and exchange interknitting countries together is the best guarantee for international peace and goodwill.

The adoption of Mr. Chamberlain's suggestion would prove an ever-present irritant to the whole world, and eventually force a combination of European interests against Great Britain. Instead of years of peace there would be always imminent probability of war, and military expenditure would so extensively accumulate as to bear with crushing and overwhelming weight on the people of the Empire. The hand of time would be set back to the days of barbarism, and the worst features of the mercantile system, with its erroneous economical beliefs, would dominate the destinies of nations. The peculiar position that England occupies to-day is that of splendid military isolation combined with an industrial commercial friendliness with the whole world. The policy of the Conservatives would destroy this strong position. The principle to be followed by England, as advanced by Cobden in his pamphlet entitled "Russia" in 1836, remains true: "As little intercourse as possible betwixt the *Governments*, as much connection as possible between the *nations*, of the world."

Organising the Free Trade Party in Victoria

BY W. H. RENWICK, SECRETARY OF THE AUSTRALIAN FREE TRADE AND LIBERAL ASSOCIATION

IN 1890 two young men met in Melbourne, and in the course of conversation deplored the absence of any Free Trade organisation or sentiment in Victoria.

Although unused to public life, they determined to form an association which would do something to dispel the dense ignorance which existed respecting the laws governing international commerce.

APPARENT PROSPERITY OF PROTECTION.

The political and economic condition of Victoria at that time seemed to be peculiarly unfavourable for such a venture. Every public man of note had declared either for Protection, or that he would not disturb what was then considered to be the settled policy of the country. For twenty-five years Protection had gradually been increased both in its scope and in the variety of industries brought under its ægis. From 10 to 15 per cent. duties had been raised till they mounted to 40 and 50 per cent., and in some instances to 200 per cent. Concurrently with the later extensions of the tariff the Colony had appeared to prosper; but, as events proved, the seeming prosperity rested not on the Protective duties, which were designed to shut out goods, but on the increased imports which arrived as a result of our heavy borrowings from abroad.

Nothing daunted by the strength of the positions occupied by their opponents, the two enthusiasts decided to do their best to win the electors from their allegiance to the Protectionist ideal, and to substitute a creed more in accord with Liberal principles.

THE FREE TRADE DEMOCRATIC ASSOCIATION.

With this as their object they gathered some twenty people together and formed the Free Trade Democratic Association. This body elected as its first president Mr. R. Murray Smith, C.M.G., the man who had patiently borne the abuse and calumny which is usually the lot of the leader of an unpopular cause, and the league started on its career with little in its favour but the enthusiasm of its members.

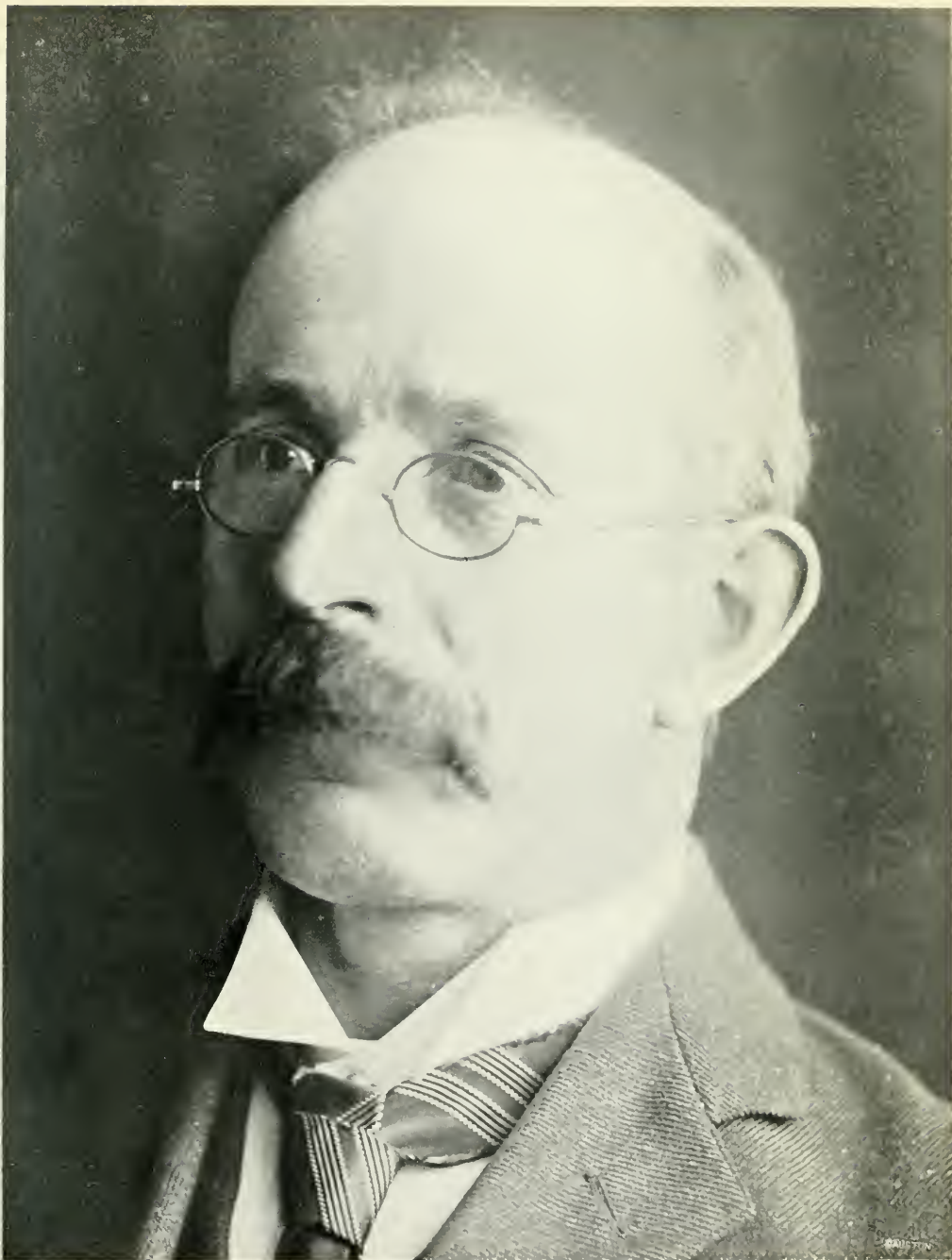
The new association was received with almost universal ridicule, and loaded with every opprobrious term which could be applied by a hostile Press.

The experiences of the pioneers in Victoria were curiously like the experiences of Cobden, Bright, and their friends in England, when fighting in the same battle almost two generations earlier.

SLOW PROGRESS OF THE ASSOCIATION.

So strong was the feeling aroused against them that their meetings were often broken up and the speakers in danger of physical violence. Amidst such conditions progress was necessarily slow. Recruits were few, and while public opinion—sedulously fostered by opponents—affirmed that the agitation was subsidised by half the crowned heads and merchant princes of Europe, the receipts for a long time were less than £50 per annum.

A change came, however, when prosperity began to wane. The old trick of increasing the import duties was resorted to, but instead of improvement—to the great surprise of the



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MR. W. H. RENWICK,
Secretary of the Australian Free Trade and Liberal Association.

Protectionist Party—times got still worse. The duties had never been so protective, and work had never been so scarce, nor wages so low. This self-evident fact caused fiscal scepticism to rapidly spread throughout the Protectionist ranks, and instead of a militant opponent the Free Trade Association found a mob which acted on the defensive—when it could not run away.

FREE TRADE CHAMPIONED BY YOUNG MEN.

The exposure which sapped the vitality of the Protectionist Party freed the minds of the people from the thralldom by which they were bound. Instead of flouting Free Trade teachings, the principles of commercial freedom were listened to with more and more patience, and gradually won their way amongst those capable of receiving new ideas. Especially was it noticeable that the cause of Protection was rarely championed at public meetings by men of the younger generation.

LOCAL BRANCHES AND COMMITTEES FORMED.

The young association made strenuous efforts to profit by the advantages which this change in the public attitude had opened up. Meetings were organised, with the assistance of friends, in all parts of the State, and lecturers sent from Melbourne to state the case to the people in the rural districts. Most of these meetings were highly successful, and resulted in the formation of local branches and committees in every important centre. This work was mainly done by Mr. Max Hirsch, who was hon. treasurer to the association for some years, and afterwards a vice-president. To his efforts the extension of the organisation to the country electorates was mainly due. For some years the bulk of the propaganda work was done by him, and the energy, zeal, and ability with which he worked made his name a familiar one in every hamlet of the State. To his labours and self-sacrifice are very largely due the conversions to Free Trade which took place during the first ten years of the life of the association.

THE PRESIDENTS OF THE ASSOCIATION.

There were many other officers who worked unselfishly and ably to advance the cause they had at heart. The President, Mr. Murray Smith, always found time amidst his many duties to preside personally over the meetings of the association, besides taking frequent trips into the country districts to deliver lectures.

Mr. Smith was succeeded in the president's chair by Mr. W. H. Irvine, now raised to the honour of being Premier of Victoria. He conducted the affairs of the association with great ability, and took an active part in several campaigns which were organised.

Mr. H. R. Reid, the worthy brother of the Australian leader of the party, was the next president; he held the position with zeal and enthusiasm for several years, only relinquishing it when the Free Trade Democratic Association became merged in the Federal League, which was formed to unify the movement throughout Australia.

AN ABLE SECRETARY.

During almost the whole of its existence the association was ably served as hon. secretary by Mr. John E. Edmondson. Only those who have had experience in carrying on a political propagandist movement can have any conception of the amount of work performed by that gentleman; considering the meagre funds available the work actually done under his management reflected the highest credit upon him. During his term of office the work grew to such dimensions that he could not cope with it himself, and the present writer was appointed to act as assistant secretary. Since that time the association and work has continued to grow till at present it is conducted by a secretary who requires the assistance of two assistants.

PROTECTIVE DUTIES REDUCED.

An early result of the steady and persistent efforts to disseminate Free Trade views was seen when, in 1895, the Government undertook

to "revise" the tariff, the new doctrines and changes of views with regard to the "settled" policy were found reflected in the attitude of the House.

For over twenty-five years each revision had meant increases of the protective duties, but in spite of the anger of the Protectionist Association and Press, practically every alteration made in 1895 reduced the taxing power of the local manufacturers, and brought them more into competition with the rest of the world.

DEMAND FOR FREE TRADE LITERATURE.

This was the first triumph of the Free Traders in Victoria, and gave great encouragement to the party by showing that the blind faith in Protectionist doctrines had been broken, and giving a further stimulus to the spirit of inquiry which had everywhere been aroused in the community.

When the struggle over the tariff subsided, both parties entered vigorously into the campaign, and when was truth ever worsted in fair argument? Certainly not in this contest, for the formation of Free Trade branches steadily proceeded, and the demand for literature increased enormously. Requests for lecturers were received from all parts of the country, and these were supplied as opportunity offered.

Coincident with the efforts of the Free Trade Democratic Association, a similar body working on similar lines, and known as the Free Trade League, was doing most effective work. Several compilations prepared by Mr. Salaman, its energetic secretary, have proved of immense service.

THE AUSTRALIAN FREE TRADE AND LIBERAL ASSOCIATION.

Such was the fiscal situation in Victoria when Federation became an accomplished fact, and placed the question of Free Trade or Protection on an entirely different plane. Immediately the question was lifted out of the State arenas, representative Free Traders from the principal

States met in conference at Sydney, and under the chairmanship of the Hon. John Hughes, M.L.C., of that city, formed the Australian Free Trade and Liberal Association, into which all the pre-existing associations became merged, and which has now a division in each of the States except Queensland.

FREE TRADE STRENGTH NOT FAIRLY REPRESENTED.

The Victorian Division elected as its first President Mr. T. R. Ashworth, who ably presided over its affairs for three years. During this time the first Federal Elections took place, and a number of candidates stood in the Free Trade interest. A large vote was polled in each case, but although more satisfactory than at previous State contests, most of the Free Traders failed to secure the necessary majorities, and when parties finally adjusted themselves, only four of the Victorian representatives were found to support the Free Trade chief. This number is of course small—only 4 out of 23—but it by no means represents the Free Trade strength in the country. In every electorate there is a big body of Free Traders, but owing to our electoral system, minorities (no matter how large) are quite unrepresented.

THE FOUNDATIONS OF PROTECTION DISTURBED.

Since the elections the association has devoted itself almost entirely to educational work by means of the platform, the newspapers, and the distribution of leaflets and pamphlets.

Especially should be mentioned the magnificent series of meetings which have been addressed by the Right Hon. G. H. Reid, P.C., M.P. It is not too much to say that these addresses have done more to disturb the foundations of Protection than any other single force in Victoria. Wherever Mr. Reid went his progress was a triumphal one, and there can be little doubt that with such a leader the Free Trade forces will carry in Australia the few additional seats

necessary to give to the young Commonwealth a system of taxation based upon international goodwill; certainly an addition to its Free Trade members is expected in Victoria.

ANTICIPATIONS OF SUCCESS.

The Free Traders of Victoria are filled with hope for the immediate future. Instead of the weak and struggling body of a dozen years ago they possess a strong organisation in the Victorian

Division of the Australian Free Trade and Liberal Association, with its branches and committees in every important centre of population.

A continuous stream of literature is being sent over the electorate, and every educational force is being utilised. Great activity prevails in all departments of the work, and its active members are animated as never before by the most lively anticipations of success.

Free Trade and the Empire

BY MAX HIRSCH, M.P.

THE time has passed when it might have been necessary to proclaim the devotion to the Empire which animates the self-governing Colonies. The people of these colonies have demonstrated their loyalty and the pride and glory with which they regard the imperial connection by their action during the South African war. For the first time in their history they had the opportunity to claim a share in the responsibilities which Empire entails as they always have shared the advantages which it yields. The blood of their sons shed in defence of the glorious Empire which the valour of their sires had won, testifies to the eagerness with which they grasped this opportunity. Is it not also a sufficient proof of the fact that existing institutions have brought about a unity of sentiment, a unity of purpose, a unity of action—when common action is required—which give the highest security for the continuance of the Empire? Apparently not, for the agitation for a reversal of the fiscal policy of the Empire, fostered in high quarters, is based on the allegation that such reversal would tend to bind still closer the self-governing Colonies to the Motherland. It is proposed to abandon the policy of fiscal freedom—the policy which left free the hands of every one of the self-governing sections of the Empire to shape its own tariff—and to substitute therefor a policy which would more or less abolish such freedom.

THE RESULTS OF FISCAL FREEDOM.

It is claimed that Protection as an imperial policy will advance the unity of the Empire, and that the Free Trade policy of Great Britain is a bar to this development. Yet there remains the fact, that the magnificent loyalty of the Colonies,

the devotion to the imperial sentiment which they display, the desire for active co-operation in the defence of the Empire which they have demonstrated, have arisen under a policy of Free Trade in the Motherland and of absolute fiscal freedom for her daughters. The marvellous expansion of the Empire and its freedom from war with any of the great Powers during the last half century also are coincident with the same fiscal policy.

Yet it now seems necessary to show that this fiscal policy is one of the causes, if not the main cause, of these great results, and that any departure from it must tend to reverse them, weakening the Empire internally while provoking external complications of the most serious character. To prove this is the purpose of this paper.

THE CONSOLIDATION OF NATIONAL FORCES.

The events of the second half of the last century have profoundly changed the political face of Europe by consolidating national forces and giving them a new direction. Italy and Germany, previously mere geographical expressions, have each become a consolidated State. France, which for two centuries had spent her blood and treasure in the vain endeavour to obtain the hegemony of Europe, finally saw the collapse of this aspiration. Her restless spirit was driven to find an outlet in another direction, one which she had essayed once before—Colonial expansion. But the newly consolidated nations, growing in prosperity, likewise began to look for new markets through Colonial acquisitions. Germany, and to a less extent Italy also, became the competitors of France on every continent where Colonies could be acquired. And further



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East, there rolls onward on its course the huge avalanche of Russian ambition, slowly but surely overwhelming whole continents in its restless longing for empire and the sea. Last, but by no means least, the great American Republic, perhaps the greatest force of to-day, has joined in this quest, has entered the list for Colonial expansion and the acquisition of new markets.

THE ENVY OF NATIONS.

This new and universal movement of huge forces breaks against the barriers of the British Empire in whatever direction it proceeds. While Russia and the United States were growing into world powers, while the other nations were wasting their forces in fruitless contests, internal and external, Great Britain had laid her hand upon nearly all the desirable places of the earth. With few exceptions the Union Jack waves over all the Colonies in which white men can form communities of their own, and most of the desirable tropical countries also bask beneath its shade. As Mark Twain puts it: "The British are the meekest of all people, for they have inherited the earth."

Is it to be wondered at that other nations are jealous of the British Empire; that as regards some of them jealousy has turned into hatred? Everywhere the might of the Empire calls a halt to them; everywhere it bars their way; everywhere their ambition and aspiration is thwarted by the man in possession.

THE WEALTH OF GREAT BRITAIN.

Nor is this all. The jealousy created by the territorial supremacy of Great Britain is deepened and strengthened by commercial jealousy and social antipathy. For the wealth of Great Britain her manufacturing and trading power are far in excess of those of any other nation.

The two small islands in the Northern Sea constitute the market into which the East and the West, the North and the South pour their products. This little spot directs the labour of the nations of the earth; determines the kind and

quantity of products which each of them shall bring forth; apportions the reward which each shall receive for its labours. Moreover, the products of these tiny islands go forth in return, and everywhere form the standard by which those of all other nations are tested. In every market of the world British goods must be undersold if other nations want to gain a footing.

THE CONDITION OF THE WORKERS.

Greater, more important even than all this is the fact that in Great Britain the masses of the people are sharing more largely than anywhere else in the advantages which modern industrial developments have created. For, though even their condition is not what it might or should be, yet for the last fifty years, ever since the adoption of Free Trade, it has been steadily improving. Employment has become more steady and secure, wages have become higher from year to year, and the cost of the necessities and comforts of life has steadily declined. To-day the condition of the workers of Great Britain is not only vastly superior to what it was under Protection, but superior to that of the workers of all other nations; so vastly superior that the travelled leaders of labour advise against immigration even to the new countries of America and Australia.

This marvellous progress, achieved under the influence of ever-broadening freedom, is a rebuke and a danger to the ruling classes who in all other countries pursue the policy of Protection and political un-freedom.

EXPLOITING THE MASSES.

In Germany and France, in the United States and Russia, the ruling classes are exploiting the masses of the people by Protection and are curtailing their freedom, while the latter are looking more and more to the despotism of a socialistic State as their only means of deliverance. The ever-growing prosperity of the British people under a policy of freedom confounds the

reactionary theories of both classes, forms the standard by which they are measured and refuted. Therefore both classes wail against Great Britain and consider her downfall the necessary precursor to the full realisation of their selfish and foolish endeavours.

This series of overwhelming motives necessarily tends to combine the other nations of the earth into one huge coalition for the purpose of despoiling the British Empire. How is it that motives of such strength have as yet failed to produce their logical result? How is it that the Empire has not yet been involved and is not likely to be involved in a life and death struggle with a coalition of all these jealous and powerful rivals? The answer is, and its truth is obvious, that this united raid upon the Empire is made impossible by Great Britain's adoption of a wise and just commercial policy, by her adoption of Free Trade.

LIBERTY AND EQUALITY.

Great Britain has claimed no privileges over her commercial rivals in any of her possessions. Wherever the Union Jack flies the goods of all nations were and—with the exception of Canada—still are admitted on exactly the same terms as British goods. To all her competitors she offers a fair field, claiming no favours for herself. She has learnt the lesson—after bitter experience of the contrary method—that the greatest benefit to her results from governing her possessions with the sole object of benefiting their inhabitants.

Far different would it be were these Colonies to fall into the hands of any other Power. They would then be governed, not for their own advantage so much, as for that of their conquerors, and this advantage would be foolishly sought in Protection. The goods of the home country would be favoured while those of all other countries would be burdened with heavy duties.

It follows that every nation, however jealous of or hostile to Great Britain she may be, nevertheless prefers the Colonies to be in British

hands than in those of any other of its rivals. Russia may covet India, but French, German and American trade would suffer were her ambition to be realised. Germany may cast longing eyes upon South Africa, but the goods of all other nations would be excluded from this territory were it to pass into her possession. France may fume and fret for possession of Egypt, but insurpassable barriers would be erected against the other nations were the Tricolor to supersede the Union Jack.

FREE TRADE, THE BULWARK OF EMPIRE.

Therefore jealousy, enmity and ambition are defeated by self-interest. The Powers cannot combine to despoil the British Empire, because its break-up would be disastrous to their mercantile interests. Free Trade is the bulwark which—even more than its armed might—secures the Empire against the jealousy which, in the absence of this wise policy, would inevitably lead to a hostile coalition involving the whole world in a disastrous war.

Nor could the British Empire have arisen and obtained its vast extent under any other policy than that of Free Trade. It is easy to imagine what the result would have been had Great Britain tried to develop her world-wide Empire under Protection, under a policy claiming a privileged position for her traders and manufacturers in every Colony and dependency. Every acquisition of new territory would have provoked a cry of alarm from the rest of the world. Another piece of the earth passing into British exclusiveness, another barrier erected against our trade, would have been the universal cry.

COMMUNITY OF INTERESTS.

Self-interest, instead of combating jealousy and ambition, would have come to their assistance, would have impelled the Powers to act in combination. Attempts to acquire new territory would have been contested by them in unison, and the marvellous expansion of the Empire which the last half century has witnessed could not have

taken place. Free Trade, which preserves the Empire from attack by a hostile coalition, thus also made possible its world-wide expansion.

More important even than these considerations is the influence of the Free Trade policy on the growth of the feeling of unity, of loyalty to the Empire, which rules the hearts of all Colonists and forms the Empire's real strength. Witnessing the depth, the fervour and the universality of these sentiments, feeling that every blow struck at the furthest frontier of the Empire is a blow struck at ourselves, we can hardly imagine that other sentiments might have ruled our breasts. Yet not only have the Colonies of other nations never been animated by such sentiments, but even in our own case they have arisen at a comparatively late period of British colonisation. The Colonies of Spain, of Portugal, of Holland have never been bound in loyal fervour to their motherlands, and the successful revolution of the American Colonies of Great Britain proves the different sentiments then entertained by British Colonists.

THE POLICY OF FREEDOM.

What is it that has brought about this marvellous revolution in Colonial sentiment? Why does every Colony joyfully spring to arms at the Empire's call? Why does every Colonist cherish the unity of the Empire? Pride of race, a common history, common language, great factors as they are, cannot by themselves account for it, for all these failed to bind the American Colonies to Great Britain and to Spain the Spaniards of the Southern Main—failed to create the patriotic ardour which to-day animates the French Canadian as much as the English Australian. The only cause which can adequately account for this glorious result is the general policy of freedom, culminating in Free Trade, on the part of the Motherland.

A BANEFUL INFLUENCE.

Consider what a change it is from the policy of Protection which prevailed to the middle of

the last century. Under its influence the Colonies were forbidden to establish manufactures of their own, lest the sale of British goods should be reduced. British products were admitted free or at low duties, but high duties were imposed on foreign goods to ensure larger profits to British manufacturers. The Colonists were prohibited from shipping their products to foreign countries, so as to give British merchants a monopoly of the Colonial trade, and in order to procure a like monopoly for British shipowners, the Colonists were inhibited from shipping their goods in foreign bottoms. Lastly, to increase the rents of British landlords, prohibitive duties were placed upon agricultural products, those of the Colonies included. Nor was Great Britain singular in this oppressive treatment of her Colonies. She is singular in having fully abandoned it. More or less such treatment is even now meted out to the Colonies by the other Powers. It is an inherent part, a necessary result, of Protection and of the spirit on which Protection rests, so unavoidable that even to-day it is being adopted by the United States in the treatment of her newly acquired Colonies.

THE SOURCE OF IMPERIAL STRENGTH.

Had Great Britain continued this policy, would she stand to-day in the midst of Colonies bound to her as loving daughters are to a cherished mother? Hatred would occupy the place of devotion, animosity that of loyalty, distrust that of confidence. Oppression would have borne fruit in secession, and the Empire would have been rent asunder, as all other Empires were rent asunder, as the British Empire itself once was rent asunder, through the injustice of the Motherland. Therefore, again be it said, the unity of the Empire, the loyalty of all the people which it shelters, arise from the just, the beneficent, the generous policy of Free Trade.

It must be admitted that the eminent statesmen who are trying to induce the people of Great Britain to turn its back upon the policy

which has produced such marvellous results, do not aim at a revival of all these abuses. The Preferential Tariff policy which they advocate would be based on a voluntary agreement between Great Britain and her self-governing Colonies to admit each other's goods at lower rates of duty than foreign goods. But even this system would be full of danger to the Empire, and must seriously affect the sentiments which blend its various parts into a harmonious whole.

THE CERTAINTY OF RETALIATION.

Economic considerations being outside the scope of this paper, the results on the trade of the Empire, on the manufactures of Great Britain, and on the cost of living of the masses of the people cannot be dealt with. It is, however, certain that foreign nations will retaliate, and, withdrawing from Great Britain and her Colonies the most favoured nation treatment, will expose their goods to special taxation. Will the national spirit brook such treatment? Will not blow be returned for blow, until the resulting conditions bring about the utmost distress within the Empire and that very coalition of hostile powers which Free Trade has so effectively prevented? And who can hope to bring about an agreement satisfactory to all between the widely divergent interests which a proposal for preferential trading must reconcile? And suppose the apparently impossible has been achieved, the bargain is made, and a tariff framed to the satisfaction of British manufacturers and Colonial producers of food and raw materials, how long will the satisfaction last?

THE THIN END OF THE WEDGE.

Those who have studied the development of Protection are well aware that in every country the appetite of the protected interests grows by what it feeds upon. Almost before the ink in which the agreement is recorded has dried, one or another interest will find that it wants more protection. These demands will multiply as time proceeds; endless negotiations and many refusals will bring about a friction which must lessen the loyalty in which we now rejoice. The freedom to shape their own fiscal policy being taken away from the Motherland as well as from the Colonies, the fetters imposed by authority will chafe far more than if they were self-imposed. Instead of contentment there would arise discontent; distrust and complaints of selfishness would take the place of the prevailing trust; disunion would take the place of union; gradually the breach would widen, and, if not resulting in disruption, would weaken the Empire at the very time when its own policy had provoked a hostile coalition.

A DANGEROUS POLICY.

Whatever else may be advanced for a policy of imperial protection with internal preference, from the standpoint of the unity and safety of the Empire and the loyalty of its component parts to the national idea it is full of danger. Free Trade has made the Empire, and through the extension of Free Trade to the self-governing Colonies alone can the Empire reach its highest development, its fullest power and majesty.

Australian Mining and the Tariff

FROM THE "AUSTRALIAN MINING STANDARD"

"OBSERVE, my son," remarked the great Swedish chancellor Oxenstiern, "with how little wisdom the world is governed;" and it would seem that this plentiful lack of administrative perspicacity specially characterises the framers of the Federal tariff. Mining is one of the three most important producing industries of the Commonwealth. Upon the development of their mineral resources the future prosperity of the Australian States largely depends; therefore, in the framing of the tariff, mining is in one sense treated as a negligible quantity, while in another sense the effort has been to crush it under the weight of restrictive and excessive imposts. That the want of wisdom herein exhibited may be fully appreciated, it is well to realise for what proportion of Australasian production mining actually stands. According to Mr. T. A. Coghlan's "Seven Colonies," it has contributed over £500,000,000 to the gross total of Australasian wealth.

MINING NEARLY EQUALS AGRICULTURAL PRODUCE.

The value of its product in 1899, the last year for which the statistics are complete, was £24,858,000 out of a total production of £137,500,000. These figures include £33,316,000 credited to manufactures. It follows, therefore, that mining is responsible for nearly one-fourth of the primary production of Australasia. The wealth produced by mining is nearly equal to that which is produced by agriculture, which is set down at £25,247,000, exclusive of £10,377,000 credited to "dairying, poultry and bee farming." Dealing only with the Federated States, in Tasmania the mining industry, with a total of £2,539,000, is more productive than all the others put together, the gross total, including mining, being only

£5,090,000. The same is even more true of Western Australia, where mining is responsible for £6,346,000 out of £10,215,000, the total production of the State. In Queensland mining produces £3,140,000 out of a total of £18,561,000, and is only surpassed by the pastoral industry, £7,283,000, and manufactures, £4,772,000. In Victoria, mining in the year named is credited with only £3,579,000 out of a total production of £30,870,000. It is surpassed by manufactures, £10,052,000; pastoral industries, £7,219,000; and agriculture, £6,435,000; and is closely run by dairying, etc., with £3,384,000.

TO BE STRANGLERED BY PROTECTION.

In New South Wales mining is credited with a production of £6,081,000, out of a total of £38,579,000. It is surpassed by pastoral industries, £14,527,000, and by manufactures, £9,207,000. But it is more productive than agriculture, £5,582,000, and dairying, etc., £2,543,000. In South Australia mining shows a total of £516,000, out of an aggregate production of £8,958,000. Summarised, in West Australia mining produces 60 per cent. of the total production of the State; in Tasmania, 50 per cent.; in Queensland, 18 per cent.; in New South Wales, nearly 16 per cent.; in Victoria, nearly 12 per cent.; and in South Australia, about 5½ per cent.; the percentage for the whole of Australasia being over 18 per cent. of the aggregate wealth production, and over 23 per cent. of the aggregate of primary production. Yet this is the industry which the Federal Government seeks to strangle with the bow-string of its heavy protective tariff. The proposal chiefly affecting it is that to make the Victorian 25 per cent. duty upon machinery applicable to the Commonwealth. What this most injudicious impost has helped to do for Victorian mining is attested by the statistics of that State.

“ENCOURAGING LOCAL INDUSTRIES.”

Before its imposition Victoria was the premier mining colony of the Australasian group. Since its introduction the industry has declined, and Victoria now ranks not only after Western Australia, but after Queensland also. Its method of mining, of management, of reduction and extraction are unfavorably criticised by every visiting expert. Its gold production is decreasing; the development of its other mineral resources is stagnating, and yet its Government charge £700 duty upon the electrical machinery, which could not be made in the country, imported by one mining company, and £6,000 duty upon the electric machinery, which could not be made in the country, imported for mining purposes by another company, even as it charged £6,000 on similar machinery imported by the Melbourne City Council. This it calls encouraging local industries.

MINING MACHINERY TO PAY ONE-QUARTER
OF ITS INVOICED COST!

If all Australia is to be handicapped by this paralysing impost mining must stagger under its burden as it has staggered in Victoria. The difference it will make to the principal mining State—Western Australia—will be enormous. The machinery for the Golden Horseshoe Company's new sulphide plant just to hand will pay £6,250, instead of the £1,250 it would have paid under the old Westralian 5 per cent. duty. To the Free Trade State of New South Wales the blow will be still heavier. Agricultural, horticultural, and viticultural machinery and implements are to pay 15 per cent., or 3s. in the £, but mining machinery, which it has hitherto passed free, is to pay one quarter of its invoiced cost!

THE WORKING MINER HEAVILY HIT.

To add to this burden comes the duty on timber, which it is estimated will cost the Barrier mines alone from £15,000 to £20,000 per annum, the alternative to paying it being the substitution of

Australian timber for imported Oregon, with a largely increased risk of life and limb to the miner. The duties on dynamite, coke, candles and oil will also press heavily upon the industry as a producer, while the imposition of what is, in fact, the Victorian protective tariff but slightly modified will hit the working miner quite as heavily as a consumer. As we have pointed out on more than one previous occasion, however it may apply to some others, the miner is a man who derives no particle of benefit from Protection, either directly or indirectly. He stands in dread of no competitor; he asks for no assistance at the expense of his neighbour. His product is an article the market price of which Protection is powerless to advance, and it is one that must be exported before its value can be realised. If Australasian gold could not be exported it would be a worthless drug.

PRODUCTS ARE DOWN; TAXES ARE UP!

Silver, copper, tin, and lead are in the same case; yet Protection anathematises export, and concerns itself only about local manufacture. Nevertheless the miner, though he derives no benefit from Protection, must pay its full cost in the advanced price of every dutiable import he uses, and every local manufacture it affects, and he is now called upon to do this at a time when his industry is fighting against a serious depression caused by the market decline in the value of products. Silver, copper, tin, lead, zinc, all are down, and only taxes are up. They will be permanently up unless the mining members in both Houses, and the mining institutions throughout the Commonwealth, the mining constituencies, and mining men generally join in the protest against the tariff already cabled to the leader of the Opposition by the Westralian Chamber of Mines. That it has been first to move is greatly to its credit; that it shall receive strong backing is absolutely necessary to the welfare of the mining industry throughout the entire federation.

Protection : How will it affect the Pastoralists and Agriculturalists?

BY THOMAS H. WEBB, PRESIDENT S.A. DIVISION, AUSTRALIAN FREE TRADE AND LIBERAL ASSOCIATION

THE pastoral and agricultural industries are undoubtedly the two paramount industries of the Australian Commonwealth. Remove them and the life-spring of nearly every other industry, excepting perhaps mining, would disappear. Those therefore who are closely concerned with the subordinate industries would do well, before finally adopting any new general policy, to consider how that policy will affect the main industries.

WOOL AND AGRICULTURAL PRODUCTS.

Can a protective policy benefit the pastoralists?

Yes. By a bounty on the export of wool. But even the most rabid Protectionist would not venture so far as this.

Can a protective policy benefit the agriculturalists?

Yes.

- (a) By a similar export bounty on agricultural products in ordinary years, when one-half of our production of wheat and a percentage of our other agricultural productions have to seek markets outside the Commonwealth; and
- (b) By duties on imports of agricultural produce in very exceptional years, such as the one now passing.

BENEFITS TO THE MINORITY.

No Protectionist will go so far as to recommend "a," knowing that such a bounty would remove or materially reduce the benefit which

might accrue to the most favoured petty industry, which the Protection system seeks to bolster up. The benefits of "b" must also be qualified and limited to the very distinct minority of agriculturalists, who through occupying some specially favoured belt, tableland, or corner have escaped the influence of the great general drought, and whose crops have been bountiful, while all others have failed. Such occasions may arise once in twenty years, but even then the additional hardships on the mass of agriculturalists themselves imposed by duties on importations of agricultural produce more than counterbalance the benefits to the nature-favoured and tariff-favoured minority.

MANY FARMERS MERELY CONSUMERS.

It must not be forgotten that the very fact of imports being necessary indicates that a large percentage of farmers have not merely nothing to sell, but have to enter the ranks of consumers for—

- (a) Food for their households and employees,
- (b) Feed for their stock,
- (c) Seed for their sowing,

and are compelled under their very adverse conditions to pay, owing to the presence of protective duties, inflated prices to their nature and tariff favoured neighbours. This has been painfully apparent during the past eighteen months to those farmers and pastoralists in South Australia occupying a very large tract of country east of the Mount Lofty ranges, and north of

the Port Pirie to Petersburg line of railway; to those occupying the great north-eastern districts of Victoria, and to those occupying some nine-tenths of New South Wales and Queensland.

STOCK ABANDONED TO FATE.

It is a very trying experience for pastoralists to have to start on a period of feeding to keep their stock alive over an indefinite drought, it is harder still for them to have to continue after prices have been much inflated through their necessitous demands, and still harder to find that through the action of a "Protective" Government outside communities ready to give a helping hand are practically prohibited from doing so. It is well known that if the duties on feed stuffs had been even temporarily suspended, supplies from Argentina, New Zealand, and elsewhere would have reduced the losses of stock in New South Wales by scores of thousands. As it was, prices were forced to such a level that in numbers of cases financial inability compelled pastoralists and agriculturalists to desist from feeding, and to abandon their stock to its fate. We may safely say then that import duties on agricultural produce are, broadly speaking, useless in ordinary seasons and actually injurious to those intended to be benefited in seasons of drought.

NECESSARIES AND COMFORTS OF LIFE TAXED.

In what way do the general protective duties affect these two great industries?

A glance at the tariff is sufficient to show that almost every article required, whether in the pursuit of their business, or in providing necessities and comforts of life for themselves and their dependants, is taxed to the uttermost. They cannot erect a modern fence for their stock without being heavily taxed for doing so. They can neither plough nor sow, unless after the style of some uncivilized communities, without heavy taxation; neither can they reap with

modern implements without suffering the same disabilities. Almost every article used in the building of his residence and the many necessary outbuildings, unless these are made in the rudest fashion from clay, stone, and bushes found on the land, has its price greatly inflated by "Protection." Even the conservation of water in this drought-liable continent is discouraged by very heavy duties on tanks, on galvanized iron, and even on cement, and in every direction and at every step the farmer and pastoralist is pursued by this skeleton until his last bag of grain, box of butter, or bale of wool has been delivered to the exporter.

KILLING THE GOOSE.

No one will contend that industries loaded thus can flourish in a degree comparable to what they would under free conditions. It would be as reasonable to expect a horse to run as freely with a half ton weight on his back as he would with none. And what is the avowed aim of this loading, this crippling of the main industries? That the subordinate manufactures may flourish! We are killing the goose that lays the golden eggs. Crippling the main that the dependant may flourish. Checking the internal development of a sparsely populated continent abounding in natural wealth so that a few cities near the coast, already carrying half the entire population, may be abnormally forced. Curtailing those industries which draw wealth direct from Nature, in order to unnaturally force such petty industries as the making of cardboard boxes.

THE EFFECTS OF CONTINUED BLOOD SUCKING.

Those in the first Federal Parliament of Australia (representing a decided minority of the thinking public) seem, when imposing this protective tariff, to have overlooked the fact that dependant industries cannot for long flourish at the expense of the main; that sooner or later the latter must feel the effects of continued blood sucking, and that when they begin to languish,

the smaller industries are certain to languish also. On the other hand, the flourishing of the main is the only guarantee for the continued prosperity of those dependant on them. In trying to promote the latter we are, to an extent, abandoning as a community our great natural advantages, and entering into competition disadvantageously with the densely populated centres of the world, with their perfected machinery, highest organisation and supposed cheap labour.

THE POLICY OF FREEDOM.

I urge the electors of Australia to at once abandon this unequal struggle. Let us devote our energies, first, to those great industries in the prosecution of which Nature has given us advantages; and secondly, to those industries which naturally follow in their wake. Let us have freedom in our industrial pursuits as in other directions, and we have nothing to fear.

Our Shipping Industry Imperilled by Protectionists

BY AN AUSTRALIAN MANAGER OF A ROYAL MAIL LINE

THE influence which the Protectionist policy of the Australian Commonwealth and its concomitant legislation are having upon the commercial and shipping relations of the people has now become one of the acute crises with which the Legislators of the six states will find themselves compelled to grapple, and that shortly. Through fear of the Labour Party the day of reckoning is being put off and delayed from time to time, but sooner or later the Prime Minister and his colleagues will have to take their courage in their hands and cease playing to the gallery. For the question has long passed the stage of whether goods shall be dutiable or non-dutiable, or whether we shall have a revenue-producing or a home industry-promoting custom house; and it has now developed into the larger and further reaching one of the domination of the entire Australian trade and commerce by those whose interests and ties in the country are ever of the slightest, and who are the first to "up-baggage and away" when the inevitable result of their suicidal policy becomes apparent. The connecting link between the policy of Protection and the gradual but steadily increasing power of Trades Unionism is not far to seek; and not only Free Traders but also those politicians whose views are of the moderate protectionist type are becoming uneasy at the trend of recent legislation within the Commonwealth, having for its object the stifling of all intercourse with the outer world and the erection of an impenetrable barrier for the exclusion of all interests not purely Australian.

CONFLICT WITH THE MOTHER COUNTRY.

A glance at the present position of parties in the House of Representatives will be sufficient to account for the recent enactments having for their aim the exclusion not only of foreign but of British merchandise, shipping and subjects from the shores of Australia. Behind the Government—which is avowedly moderate-protectionist—there is a following of thirty-three members; the straight-out Opposition who may be classed as Free Traders number twenty-five; and the Labour Corner, consisting of Trades Unionists and Extreme Protectionists, forms a solid body of sixteen. It will thus be seen that without the support of the Labour Party the Government could not exist, and it is not difficult to account for the power from behind, which has forced the Government not only to pass the Immigration Restriction Act and the Customs Act, but has also committed an unwilling and reluctant Cabinet into promulgating a doctrine of white labour on all mail steamers, which has brought the young Commonwealth into conflict with the policy of the Mother Country, and now seeks to hurry on a Federal Navigation Bill which has for its avowed object more drastic legislation with the purpose of still further restricting oversea shipping.

PASSENGER-CARRYING TRADE PARALYSED.

The practically unlimited powers vested in the officials of the Commonwealth by virtue of the Immigration Restriction Act, and the heavy penalties attaching to ship owners under the clauses of

that Act, are having a paralysing effect upon the passenger-carrying trade to and from Australia. The recent episode of the "Hatters" and their exclusion from New South Wales is still fresh in the memory of those who are interested in Australian affairs; but the farcical and ludicrous incidents which led up to their detention in Sydney Harbour and ultimate release in deference to the clamour of popular opinion overshadowed the phase of the affair which appeals most forcibly to shipowners and shipmasters. Had the Commonwealth Government persisted in its attitude that these hatters were prohibited immigrants under the Act, then the owners of the carrying vessel would have been under obligation to convey the men to a port outside the Commonwealth, and to ensure that they did not leave the vessel during such time as she was in Australian waters or in an Australian port, subject to a penalty of one hundred pounds for each immigrant.

THE IMMIGRATION RESTRICTION ACT.

The difficulty of keeping free-born British subjects, unconvicted of crime, from exercising their freedom is not one lightly to be entered upon, especially when the onus of proving that reasonable precautions had been taken rests with the shipmaster. In the Immigration Restriction Act the clauses which govern the admittance or otherwise of immigrants into Australia are of such an elastic nature that an educational test may be applied to passengers which there is not the faintest chance of their passing, and failure means deportation. Thus a Russian may be asked to write a passage in Spanish to the dictation of a Hibernian Immigration Officer, or a Spaniard may be required to translate fifty German words from the mouth of a Customs Officer whose Scotch accent makes even his English a matter of difficulty. It may be argued that these are extreme phases of the subject, and that the claims are not likely to be so enforced, but the fact remains that while the

Act is upon the Statute Book shipowners may be called upon at any moment to undergo the penalties sought to be imposed thereby, especially should the extremists among the Protectionist Party attain temporary power. This possibility is one which looms ever before the shipowner, and has to be borne in mind in making provision for the carriage of passengers. Could any guarantee be forthcoming that the Act would not be more rigidly enforced than at the present time the owners of vessels in the Australian trade would know when and where to draw the line in their commitments of Immigration; but as the law stands now they are treading upon dangerous ground.

LEGALISING AN ILLEGAL ACT.

In its anxiety for revenue the Commonwealth Government has not hesitated to take advantage of a strained interpretation of the law pertaining to breaking of seals, and is mulcting shipowners in duty upon ship's stores consumed while between two Australian ports, but outside the three-mile limit, and therefore not within Australian waters. Under the cloak of its powers compulsorily to seal up such stores as are not required while in port, and to insist that the ship shall arrive at her next port of call in Australia with these seals unbroken, the Government forces shipmasters to declare sufficient stores to serve until the ship's next port of call in the Commonwealth is reached, although all but a small fraction of same be consumed outside the bounds of the dominion (three miles). This is a legalising of an illegal act which is worthy of a South American Republic accustomed to high-handed and tortuous methods of extracting revenue from any source, whether legitimate or doubtful.

WHITE LABOUR ONLY.

Another outcome of the pressure brought to bear by the ultra-Protectionists upon the Moderates is the clause inserted in the Commonwealth Postal Act forbidding the entering into of any contract or arrangement for the carriage

of mails on behalf of the Commonwealth unless it contains a condition that only white labour shall be employed in such carriage. When this Act was passed it was believed by a section of the Australian politicians that the Imperial Government would accept the condition contained therein, and that the oversea shipping companies desirous of carrying the mails would be compelled to revert to the employment of only white labour on board. The statement of the Secretary of State for the Colonies that he cannot agree to the exclusion of Indian subjects from employment on British ships has set the Commonwealth Government seeking for a way out of the difficulty in which it finds itself placed.

PROFITS REDUCED OF OVERSEA VESSELS.

Shipowners interested in the oversea trade of Australia are awaiting with much interest the full text of the proposed Federal Navigation Bill which, it is said, will be placed before the Commonwealth Parliament this session. It is not yet known what form this measure will take, but it is promised that restrictions upon foreign shipping trading in Australian waters will be of a somewhat drastic nature, and it must be remembered that British-owned vessels will come under the designation "Foreign." One of the clauses, according to report, will provide for the payment to crews of the Australian rate of wages while on the Australian coast. It is difficult to understand what purpose such a regulation can serve, unless it be that of still further reducing

the profits of the oversea vessels, even although nothing is gained thereby to the Commonwealth revenue or to Australian shipping. Apart from the injustice of compelling shipowners to pay the same rate of wages for long-distance trips as obtain for short voyages, the enforcement of such an imposition cannot benefit the locally-owned steam lines, because the oversea vessels do not come into competition with them.

NO ACCESS TO AUSTRALIA.

The four mail lines between Europe and Australia may be taken as fairly representative of the oversea shipping, and these do not carry cargo between Australian ports, while their rates of passage money are so much higher that they do not enter the field of competition. To take, for example, the rate of passage money between Sydney and Fremantle, the mail companies charge £14 for first saloon accommodation and £11 for second class, while the coastal companies charge £9 for first-class fare. It will thus be seen that neither in fares nor in freights do the oversea companies press heavily in competition with the Australian-owned vessels, and the only explanation possible of such a regulation, if it be included in the proposed legislation, is that already offered—namely, the inclination shown by the Extremists in the Commonwealth Parliament to aim at an Australia so completely hedged and environed by barriers of prohibitive legislation that access to it will be almost impossible, and certainly unprofitable, to vessels owned outside the Commonwealth.

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